Mandeni Municipality
Annual Financial Statements
for the year ended 30 June 2017

General Information

Legal form of entity	Municipality
Nature of business and principal activities	Service delivery

MEMBERS OF EXECUTIVE COUNCIL

Mayor and Chairman of the Executive Committee	Cllr SB Zulu
Deputy Mayor	Cllr PM Sishi
Speaker (Ex-Officio)	Cllr MPP Zungu
Members of the Executive Committee	Cllr X Mdletshe
	Cllr R L Mdletshe
	Cllr MS Mdunge
	Cllr NF Ntuli
	Cllr M Shelembe
Other councillors	Cllr MT Cele
	Cllr N Dlamini
	Cllr EK Dube
	Cllr AM Gwala
	Cllr BA Khumalo
	Cllr ST Magwaza
	Cllr SJ Mathonsi
	Cllr SZ Mdletshe
	Cllr SR Mdletshe
	Cllr MV Mhlongo
	Cllr MC Mkhaliphi
	Cllr MM Mngadi
	Cllr N Msimang
	Cllr CL Mthembu
	Cllr BW Mthethwa
	Cllr K Naidoo
	Cllr M Ngubane
	Cllr S Nkwanyana
	Cllr N Nomvete
	Cllr NT Shandu
	Cllr TP Shandu
	Cllr NR Sibiya
	Cllr DM Sithole
	Cllr NR Tembe
	Cllr AA Zungu
	Cllr GN Zungu
	Cllr TP Zungu
Senior management	S G Khuzwayo - Acting Municipal Manager
	RN Hlongwa - Chief Financial Officer
	ZP Mngadi - Director: Corporate Services
	R Sewdular - Director: Technical Services
	ZW Mcineka - Director: Community Services and Public Safety
	SG Khuzwayo - Director: Economic Development, Planning and Human Settlement

General Information

Auditors	Auditor-General South Africa
Bankers	First National Bank
Registered office	Mandeni Municipal Office 2 Kingfisher Road MANDENI 4490
Business address	2 Kingfisher Road MANDENI 4490
Postal address	P O Box 144 MANDENI 4490
Telephone number	032 - 456 8200
Fax number	032 - 456 2504
Email address	info@mandeni.gov.za
Grading of local authority	3
Jurisdiction	Mandeni Bounday (as determined by the Demarcation Board)

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The reports and statements set out below comprise the annual financial statements presented to the provincial legislature:

Abbreviations

COID	Compensation for Occupational Injuries and Diseases
CRR	Capital Replacement Reserve
DBSA	Development Bank of South Africa
SA GAAP	South African Statements of Generally Accepted Accounting Practice
GRAP	Generally Recognised Accounting Practice
GAMAP	Generally Accepted Municipal Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IMFO	Institute of Municipal Finance Officers
IPSAS	International Public Sector Accounting Standards
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)

Accounting Officer's Responsibilities and Approval

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

I am responsible for the preparation of these annual financial statements, which are set out on pages 5 to 76, in terms of Section 126(1) of the Municipal Finance Management Act (Act 56 of 2003) and which I have signed on behalf of the municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 29 of these annual financial statements are within the upper limits of the framework envisaged in the Section 219 of the Constitution, read with the Remuneration of Public Office Bearers Act and the Minister of Corporative Governance of Traditional Affairs' determination in accordance with this Act.

Accounting Officer
SG Khuzwayo

MANDENI

31 August 2017

Statement of Financial Position as at 30 June 2017

Figures in Rand	Note(s)	2017	2016
Assets			
Current Assets			
Cash and cash equivalents	3	2,636,075	293,111
Call and Investment deposits	4	12,520,600	27,455,775
Receivables from exchange transactions	5	8,273,507	11,268,244
Receivables from non-exchange transactions	6	26,267,438	33,738,463
Inventories	7	336,429	421,964
VAT receivable	8	11,116,669	1,791,132
		61,150,718	**74,968,689**
Non-Current Assets			
Investment property	9	46,606,200	46,606,200
Property, plant and equipment	10	395,195,846	339,609,105
Intangible assets	11	1,606,713	373,972
		443,408,759	**386,589,277**
Total Assets		**504,559,477**	**461,557,966**
Liabilities			
Current Liabilities			
Payables	12	17,847,451	7,552,258
Consumer deposits	13	863,813	1,584,676
Provisions	14	9,067,942	8,354,149
Unspent conditional grants and receipts	15	8,462,926	11,271,332
Finance lease obligation	16	1,180,678	263,323
		37,422,810	**29,025,738**
Non-Current Liabilities			
Finance lease obligation	16	3,377,797	670,866
Employee benefit obligation	17	17,998,108	18,707,714
		21,375,905	**19,378,580**
Total Liabilities		**58,798,715**	**48,404,318**
Net Assets		**445,760,762**	**413,153,648**
Reserves			
Housing Development fund		1,943,843	1,859,195
Accumulated surplus	18	443,816,923	411,294,456
Total Net Assets		**445,760,766**	**413,153,651**

Statement of Financial Performance

Figures in Rand	Note(s)	2017	2016
Revenue			
Property rates	20	30,557,372	27,408,131
Property rates - penalties imposed	20	9,864,412	9,765,673
Service charges	21	21,149,513	19,524,661
Rental of facilities and equipment	22	240,754	286,023
Interest received - External investment	23	2,960,636	3,627,069
Fines	24	349,545	32,314
Licences and permits	25	1,175,284	1,122,500
Government grants & subsidies	26	174,804,417	172,071,406
Other income	27	38,362,941	16,846,946
Total revenue		**279,464,874**	**250,684,723**
Expenditure			
Employee related costs	28	(70,674,088)	(66,790,305)
Remuneration of councillors	29	(10,990,490)	(10,158,932)
Retirement benefits and long term service contributions	17	709,606	(3,440,590)
Depreciation and amortisation	30	(24,278,108)	(22,976,348)
Impairment loss/ Reversal of impairments	31	(160,370)	(5,522,112)
Lease rentals on operating lease	32	(2,912,365)	(1,852,143)
Debt Impairment	33	(36,851,818)	(4,026,289)
Collection costs	34	(329,294)	(134,278)
Repairs and maintenance	35	(11,882,574)	(14,017,309)
Bulk purchases	36	(9,631,879)	(8,972,268)
Contracted services	37	(18,241,033)	(23,932,694)
Transfers and Subsidies	38	(20,499,759)	(12,128,637)
General Expenses	39	(41,200,318)	(43,756,126)
Total expenditure		**(246,942,490)**	**(217,708,031)**
Operating surplus		**32,522,384**	**32,976,692**
Inventories losses/write-downs		85	(80,024)
Surplus for the year		**32,522,469**	**32,896,668**

Statement of Changes in Net Assets

Figures in Rand	Housing operating account	Accumulated surplus	Total net assets
Balance at 01 July 2015	**1,783,989**	**378,397,788**	**380,181,777**
Changes in net assets			
Surplus for the year	-	32,896,668	32,896,668
Transfer of income surplus to trust capital	75,206	-	75,206
Total changes	75,206	32,896,668	32,971,874
Balance at 01 July 2016	**1,859,195**	**411,294,454**	**413,153,649**
Changes in net assets			
Surplus for the year	-	32,522,469	32,522,469
Transfer of income surplus to trust capital	84,648	-	84,648
Total changes	84,648	32,522,469	32,607,117
Balance at 30 June 2017	**1,943,843**	**443,816,923**	**445,760,766**

Note(s)

Mandeni Municipality
Annual Financial Statements for the year ended 30 June 2017

Cash Flow Statement

Figures in Rand	Note(s)	2017	2016
Cash flows from operating activities			
Receipts			
Taxation		47,680,683	29,548,229
Sale of goods and services		27,420,955	28,682,094
Grants		171,996,010	176,024,867
Interest- External investment		2,960,636	3,627,069
		250,058,284	237,882,259
Payments			
Employee costs		(81,723,547)	(76,949,236)
Suppliers		(103,341,276)	(103,293,239)
Other payments		(36,643)	-
		(185,101,466)	(180,242,475)
Net cash flows from operating activities	40	**64,956,818**	**57,639,784**
Cash flows from investing activities			
Purchase of property, plant and equipment	10	(79,615,372)	(59,306,813)
Purchase of other intangible assets	11	(1,642,588)	(245,580)
Net cash flows from investing activities		**(81,257,960)**	**(59,552,393)**
Cash flows from financing activities			
Finance lease payments		3,624,286	529,065
Interest on reserve capitalised		84,648	75,206
Net cash flows from financing activities		**3,708,934**	**604,271**
Net increase/(decrease) in cash and cash equivalents		**(12,592,208)**	**(1,308,338)**
Cash and cash equivalents at the beginning of the year		27,748,886	29,057,222
Cash and cash equivalents at the end of the year	3	**15,156,678**	**27,748,884**

Statement of Comparison of Budget and Actual Amounts

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget	Comments
2017												
Financial Performance												
Property rates	28,936,593	-	28,936,593	-		28,936,593	40,421,784		11,485,191	140 %	140 %	
Service charges	20,155,877	4,950,000	25,105,877	-		25,105,877	21,149,513		(3,956,364)	84 %	105 %	
Investment revenue	3,570,000	-	3,570,000	-		3,570,000	2,960,636		(609,364)	83 %	83 %	
Transfers recognised - operational	139,308,000	-	139,308,000	-		139,308,000	144,666,217		5,358,217	104 %	104 %	
Other own revenue	11,769,893	(1,000,000)	10,769,893	-		10,769,893	40,128,524		29,358,631	373 %	341 %	
Total revenue (excluding capital transfers and contributions)	**203,740,363**	**3,950,000**	**207,690,363**	**-**		**207,690,363**	**249,326,674**		**41,636,311**	**120 %**	**122 %**	**-**
Employee costs	(68,718,346)	-	(68,718,346)	-	-	(68,718,346)	(70,674,088)	-	(1,955,742)	103 %	103 %	
Remuneration of councillors	(11,887,785)	-	(11,887,785)	-	-	(11,887,785)	(10,990,490)	-	897,295	92 %	92 %	
Debt impairment	(3,629,457)	-	(3,629,457)			(3,629,457)	(36,851,818)	-	(33,222,361)	1,015 %	1,015 %	
Depreciation and asset impairment	(21,000,000)	-	(21,000,000)			(21,000,000)	(24,438,478)	-	(3,438,478)	116 %	116 %	
Materials and bulk purchases	(9,596,083)	(4,500,000)	(14,096,083)	-	-	(14,096,083)	(9,631,879)	-	4,464,204	68 %	100 %	
Transfers and grants	(10,000,000)	-	(10,000,000)	-	-	(10,000,000)	(20,499,759)	-	(10,499,759)	205 %	205 %	
Other expenditure	(78,908,692)	1,000,000	(77,908,692)	-	-	(77,908,692)	(73,855,978)	-	4,052,714	95 %	94 %	
Total expenditure	**(203,740,363)**	**(3,500,000)**	**(207,240,363)**	**-**	**-**	**(207,240,363)**	**(246,942,490)**	**-**	**(39,702,127)**	**119 %**	**121 %**	**-**
Surplus/(Deficit)	**-**	**450,000**	**450,000**	**-**		**450,000**	**2,384,184**		**1,934,184**	**530 %**	**DIV/0 %**	

Statement of Comparison of Budget and Actual Amounts

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget	Comments
Transfers recognised - capital	33,757,000	(8,000,000)	25,757,000	-		25,757,000	30,138,200		4,381,200	117 %	89 %	
Surplus (Deficit) after capital transfers and contributions	**33,757,000**	**(7,550,000)**	**26,207,000**	**-**		**26,207,000**	**32,522,384**		**6,315,384**	**124 %**	**96 %0**	
Surplus/(Deficit) for the year	**33,757,000**	**(7,550,000)**	**26,207,000**	**-**		**26,207,000**	**32,522,384**		**6,315,384**	**124 %**	**96 %**	**-**
Capital expenditure and funds sources												
Sources of capital funds												
Transfers recognised - capital	33,757,000	(8,000,000)	25,757,000	-		25,757,000	34,325,572		8,568,572	133 %	102 %	
Public contributions and donations	-	-	-	-		-	31,043,747		31,043,747	DIV/0 %	DIV/0 %	
Borrowing	-	-	-	-		-	4,050,000		4,050,000	DIV/0 %	DIV/0 %	
Internally generated funds	17,425,000	(5,500,000)	11,925,000	-		11,925,000	18,868,133		6,943,133	158 %	108 %	
Total sources of capital funds	**51,182,000**	**(13,500,000)**	**37,682,000**	**-**		**37,682,000**	**88,287,452**		**50,605,452**	**234 %**	**172 %**	**-**

Statement of Comparison of Budget and Actual Amounts

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget	Comments
Cash flows												
Net cash from (used) operating	32,625,000	(1,149,000)	31,476,000	-		31,476,000	65,004,419		33,528,419	207 %	199 %	
Net cash from (used) investing	(51,182,000)	13,500,000	(37,682,000)	-		(37,682,000)	(66,322,785)		(28,640,785)	176 %	130 %	
Net cash from (used) financing	(1,210,000)	(1,585,000)	(2,795,000)	-		(2,795,000)	3,708,934		6,503,934	(133)%	(307)%	
Net increase/(decrease) in cash and cash equivalents	**(19,767,000)**	**10,766,000**	**(9,001,000)**	**-**		**(9,001,000)**	**2,390,568**		**11,391,568**	**(27)%**	**(12)%**	**-**
Cash and cash equivalents at the beginning of the year	-	-	-	-		-	293,111		293,111	DIV/0 %	DIV/0 %	
Cash and cash equivalents at year end	**(19,767,000)**	**10,766,000**	**(9,001,000)**	**-**		**(9,001,000)**	**2,683,679**		**(11,684,679)**	**(30)%**	**(14)%**	

Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board in accordance with section 122(3) of Municipal Finance Management Act (Act 56 of 2003).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise. They are presented in South African Rand. All figures have been rounded to the nearest Rand.

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below.

1.1 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Trade receivables

The municipality assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the municipality makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for trade receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of tangible assets.

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of tangible assets are inherently uncertain and could materially change over time. They are significantly affected by economic factors such as inflation and interest rate.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 14 - Provisions.

Useful lives of property, plant and equipment and other assets

The municipality's management determines the estimated useful lives and related depreciation charges for property, plant and equipment and intangible assets. This estimate is based on the pattern in which an asset's future economic benefits or service potential are expected to be consumed by the municipality.

Accounting Policies

1.1 Significant judgements and sources of estimation uncertainty (continued)

Post retirement benefits

The present value of the post retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of post retirement obligations.

The municipality determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the municipality considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 17.

Effective interest rate

The municipality used the prime interest rate to discount future cash flows under GRAP 13 while the government bond rate was used to discount future cash flows under GRAP 25.

Allowance for debt impairment

For receivables an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the receivables carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

1.2 Going concern - assumption

These annual financial statements have been prepared on the assumption that the municipality will continue to operate as a going concern for at least the next 12 months.

1.3 Investment property

Investment property is property (land or a building - or part of a building) held to earn rentals or for capital appreciation or both, rather than for:
- use in the production or supply of goods or services; or for
- administrative purposes; or
- sale in the ordinary course of operations.

Owner-occupied property is property held for use in the production or supply of goods or services or for administrative purposes.

Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the municipality, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Where investment property is acquired through a non-exchange transaction, its cost is its fair value as at the date of acquisition.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

1.3 Investment property (continued)

Subsequent measurement - Fair value

Subsequent to initial measurement investment property is measured at fair value.

The fair value of investment property reflects market conditions at the reporting date.

A gain or loss arising from a change in fair value is included in net surplus or deficit for the period in which it arises.

If the municipality determines that the fair value of an investment property under construction is not reliably determinable but expects the fair value of the property to be reliably measurable when construction is complete, it measures that investment property under construction at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier). If the entity determines that the fair value of an investment property (other than an investment property under construction) is not reliably determinable on a continuing basis, the entity measures that investment property using the cost model (as per the accounting policy on Property, plant and equipment). The residual value of the investment property is then assumed to be zero. The entity applies the cost model (as per the accounting policy on Property, plant and equipment) until disposal of the investment property.

Once the municipality becomes able to measure reliably the fair value of an investment property under construction that has previously been measured at cost, it measures that property at its fair value. Once construction of that property is complete, it is presumed that fair value can be measured reliably. If this is not the case, the property is accounted for using the cost model in accordance with the accounting policy on Property, plant and equipment.

1.4 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period. Items of property, plant and equipmentare initially recognised as assets on acquisition date and are initially recorded at cost.

The cost of an item of property, plant and equipment is recognised as an asset when:
- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost. The cost also include necessary costs of dismantling and removing the asset and restoring the site on which it is located.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Major spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and stand by equipment which can only be used in connection with an item of property, plant and equipment are connected for as property, plant and equipment.

Subsequent measurement - cost model (land and buildings)

Subsequent to initial recognition, land and buildings are carried at a cost amount, being its fair value at the date of revaluation less any subsequent accumulated depreciation and any impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

1.4 Property, plant and equipment (continued)

Any increase in assets' s carrying amount as a result of revaluation, is credited directly to a revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

Subsequent measurement - cost model

Subsequent to inial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and any impairment losses.

Where the municipality replaces part of an asset, it derecognises the part of an asset being replaced and capitalises the new component. Subsequent expenditure incurred on a asset is capitalised when it increases the capacity or the future economic benefits associated with the asset.

Depreciation

Depreciation is calculated on a depreciable amount, using the straight line basis over the estimated useful life of items of property, plant and eqiupment unless depreciation of certain assets is being determined using a method other that the estimated useful life.

Components of assets that are significant in relation to the whole asset and have different useful lives are depreciated separately.

The annual depreciation rates are based on the following estimated average useful lives of items of property, plant and equipment and have been assessed as follows:

Item	Depreciation method	Average useful life
Buildings	Straight line	30
Infrastructure	Straight line	
• Road surface		30
• Pavement		30
• Pedestrian malls		30
• Electricity network		20-30
• Transfomers		20-30
• Water		15-30
• Sewerage		15-20
Community	Straight line	30
• Buildings		30
• Recreational facilities		20-30
• Security		5
• Halls		30
• Libraries		30
• Parks and gardens		30
• Other assets		5
Other assets	Straight line	
• Buildings		30
• Specialist vehicles		10
• Other vehicles		5
• Other equipment		3-7
• Furniture and fittings		7-10
• Watercraft		15
• Bins and containers		5
• Specialised plant and equipment		10-15
• Other items of plant and equipment		2-5

The residual value and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimate, the change is accounted for as achange in accounting estimate. In determining the depreciation change for the current year, the residual value for all assets have been taken into account.

Reviewing the useful life of an asset on an annual basis does not require the municipality to amend the previous estimate unless expectatons differ from the previous estimate.

1.4 Property, plant and equipment (continued)

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.5 Intangible assets

An asset is identifiable if it either:
- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the municipality intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the municipality or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised when:
- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality; and
- the cost or fair value of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date of acquisition.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:
- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Accounting Policies

1.5 Intangible assets (continued)

Internally generated goodwill is not recognised as an intangible asset.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	**Useful life**
Licenses and franchises	1 year
Computer software	3 years

Intangible assets are derecognised:
- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date and any changes are recognised as a change in accounting estimate in the statement of financial performance.

The municipality tests intangible assets with finite useful lives for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of an intangible asset is greater than the estimated recoverable amount (or receverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and impairment loss is charged to the statement of financial performance.

Derecognition

Intangible assets are derecognised when the asset is disposed off or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the net disposal proceeds, if any, and the carrying amount and is recognised in the statement of financial performance.

1.6 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

The municipality has the following types of financial assets (classes and cartegory) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Cartegory
Cash and cash equivalents	Financial asset measured at amortised cost
Call investment deposits	Financial asset measured at amortised cost
Receivables from exchange transactions	Financial asset measured at amortised cost
Receivables from non- exchange transactions	Financial asset measured at amortised cost
Other receivables	Financial asset measured at fair value

A financial liability is a contractual obligation to deliver cash or another financial asset to another entity. The municipality has the following types of financial liabilities as reflected on the face of the Statement of Financial Position or in the notes thereto:

Class	Category
Payables from exchange transactions	Financial liability measured at amortised cost
Consumer deposits	Financial liability measured at amortised cost
Unspent conditional grants and receipts	Financial liability measured at amortised cost
Other payables	Financial liability measured at amortised cost
Finance lease obligation	Financial liability measured at amortised cost

1.6 Financial instruments (continued)

Initial and subsequent measurement

Financial assets

Held-to-maturity Investments and Loans and Receivables are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset. Subsequently, these assets are measured at amortised cost using the Effective Interest Method less any impairment, with revenue recognised on an effective yield basis.

Financial Assets at Available-for-Sale are initially and subsequently, at the end of each financial year, measured at fair value with the profit or loss being recognised in the Statement of Financial Performance.

Financial assets are recognised on the date they originated for loans and receivables and deposits and for other financial assets, initially on the trade date at which the municipality becomes a party to the contractual provision of the instrument.

Financial liabilities

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

Financial liabilities are recognised on the trade date at which the municipality becomes a party to the contractual provisions of the instrument.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence of impairment of Financial Assets (such as the probability of insolvency or significant financial difficulties of the debtor). If there is such evidence the recoverable amount is estimated and an impairment loss is recognised in accordance with IAS 39.

Initially Accounts Receivable are valued at fair value and subsequently carried at amortised cost using the effective interest rate method. An estimate is made for doubtful debt based on past default experience of all outstanding amounts at year-end. Bad debts are written off the year in which they are identified as irrecoverable. Amounts receivable within 12 months from the date of reporting are classified as current.

A provision for impairment of trade receivables is established when there is objective evidence that the municipality will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

Consumer Debtors are stated at cost less a provision for bad debts. The provision is made in accordance with IAS 39.64 whereby the recoverability of Consumer Debtors is assessed individually and then collectively after grouping the assets in financial assets with similar credit risk characteristics. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the Statement of Financial Performance.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through the Statement of Financial Performance to the extent that the carrying amount of the instruments at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of financial assets

The municipality derecognises Financial Assets only when the contractual rights to the cash flows from the asset expire or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity, except when Council approves the write-off of Financial Assets due to non recoverability.

1.6 Financial instruments (continued)

If the municipality neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the municipality recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the municipality retains substantially all the risks and rewards of ownership of a transferred financial asset, the municipality continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Derecognition of financial liabilities

The municipality derecognises Financial Liabilities when, and only when, the municipality's obligations are discharged, cancelled or they expire.

Fair value determination

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the municipality establishes fair value by using valuation techniques. These include the use of recent arm’s length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Impairment of financial assets

At each end of the reporting period the municipality assesses all financial assets, other than those at fair value through surplus or deficit, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

For amounts due to the municipality, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator of impairment. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in surplus or deficit - is removed from equity as a reclassification adjustment and recognised in surplus or deficit.

Impairment losses are recognised in surplus or deficit.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Reversals of impairment losses are recognised in surplus or deficit except for equity investments classified as available-for-sale.

Impairment losses are also not subsequently reversed for available-for-sale equity investments which are held at cost because fair value was not determinable.

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in surplus or deficit within operating expenses. When such assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

Gains and losses

A gain or loss arising from a change in a financial asset or financial liability is recognised as follows:
- A gain or loss on a financial asset or financial liability classified as at fair value through surplus or deficit is recognised in surplus or deficit;
- For financial assets and financial liabilities carried at amortised cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, and through the amortisation process.

1.6 Financial instruments (continued)

Derecognition

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired;
- the municipality retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- the municipality has transferred its rights to receive cash flows from the asset and either
  - has transferred substantially all the risks and rewards of the asset, or
  - has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the municipality has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the municipality's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the municipality could be required to repay. Where continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the municipality's continuing involvement is the amount of the transferred asset that the municipality may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the municipality's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in surplus or deficit.

Impairment of financial assets

The municipality assesses at each statement of financial position date whether a financial asset or group of financial assets is impaired.

Assets are carried at amortised cost.

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset shall be reduced either directly or through the use of an allowance account. The amount of the loss shall be recognised in surplus or deficit. The municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

Accounting Policies

1.7 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the municipality's incremental borrowing rate.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. Property, plant equipment or intangible assets subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured at the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, equipment or intangible assets. The lease liability is reduced by the lease payments, which are allocated between the lease finance costs and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorted of the asset's useful life or the lease term.

The discount rate used in calculating the present value of the minimum lease payments is the municipality's incremental borrowing.

Operating leases are those leases that do not fall within the scope within the above definition. Operating lease rentals are accrued on a straight-line basis over the term of the relevant lease.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.8 Inventories

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for;
- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the municipality incurs to acquire the asset on the reporting date.

1.8 Inventories (continued)

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.9 Impairment of cash-generating assets

Cash-generating assets are those assets held by the municipality with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

Identification

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the municipality also tests a cash-generating intangible asset with an indefinite useful life or a cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Value in use

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

When estimating the value in use of an asset, the municipality estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the municipality applies the appropriate discount rate to those future cash flows.

Discount rate

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money, represented by the current risk-free rate of interest and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

1.9 Impairment of cash-generating assets (continued)

Recognition and measurement (individual asset)

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued cash-generating asset is treated as a revaluation decrease.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset’s revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Cash-generating units

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the municipality determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash-generating unit are affected by internal transfer pricing, the municipality use management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:
- the future cash inflows used to determine the asset's or cash-generating unit's value in use; and
- the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.

Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.

The carrying amount of a cash-generating unit is determined on a basis consistent with the way the recoverable amount of the cash-generating unit is determined.

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

In allocating an impairment loss, the entity does not reduce the carrying amount of an asset below the highest of:
- its fair value less costs to sell (if determinable);
- its value in use (if determinable); and
- zero.

The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other cash-generating assets of the unit.

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non-cash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

1.9 Impairment of cash-generating assets (continued)

Reversal of impairment loss

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable amount of that asset.

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:
- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

1.10 Impairment of non-cash-generating assets

Non-cash-generating assets are assets other than cash-generating assets.

Identification

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the entity also test a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

1.10 Impairment of non-cash-generating assets (continued)

Value in use

Value in use of non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential.

The present value of the remaining service potential of a non-cash-generating assets is determined using the following approach:

Depreciated replacement cost approach

The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the municipality would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an overdesigned or overcapacity asset. Overdesigned assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standards of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Reversal of an impairment loss

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued non-cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

1.11 Employee benefits

Employee benefits are all forms of consideration given by a municipality in exchange for service rendered by employees.

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

When an employee has rendered service to the entity during a reporting period, the entity recognise the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the municipality recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The municipality measures the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The municipality recognises the expected cost of bonus, incentive and performance related payments when the municipality has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

Post-employment benefit plans are formal or informal arrangements under which a municipality provides post-employment benefits for one or more employees.

Multi-employer plans are defined contribution plans (other than state plans and composite social security programmes) or defined benefit plans (other than state plans) that pool the assets contributed by various entities that are not under common control and use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the entity that employs the employees concerned.

Accounting Policies

1.11 Employee benefits (continued)

Multi-employer plans and/or State plans and/or Composite social security programmes

The municipality classifies a multi-employer plan and/or state plans and/or composite social security programmes as a defined contribution plan or a defined benefit plan under the terms of the plan (including any constructive obligation that goes beyond the formal terms).

Where a plan is a defined contribution plan, the municipality accounts for in the same way as for any other defined contribution plan.

Where a plan is a defined benefit plan, the municipality accounts for its proportionate share of the defined benefit obligation, plan assets and cost associated with the plan in the same way as for any other defined benefit plan.

When sufficient information is not available to use defined benefit accounting for a plan, that is a defined benefit plan, the municipality account for the plan as if it was a defined contribution plan.

Post-employment benefits: Defined contribution plans

Defined contribution plans are post-employment benefit plans under which a municipality pays fixed contributions into a separate municipality (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

When an employee has rendered service to the municipality during a reporting period, the municipality recognises the contribution payable to a defined contribution plan in exchange for that service:

- as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, an municipality recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset.

Where contributions to a defined contribution plan do not fall due wholly within twelve months after the end of the reporting period in which the employees render the related service, they are discounted. The rate used to discount reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the obligation.

Accounting Policies

1.11 Employee benefits (continued)

Post-employment benefits: Defined benefit plans

Defined benefit plans are post-employment benefit plans other than defined contribution plans. The municipality has an obligation to provide post-retirement health care benefits to certain of its retirees. According to the rules of the medical aid funds, with which the municipality is associated, a member (who is on the current conditions of service) on retirement, is entitled to remain a continued member of the medical aid fund in which case the municipality is liable for a certain portion of the medical aid membership fee.

Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions. In measuring its defined benefit liability the municipality recognises actuarial gains and losses in surplus or deficit in the reporting period in which they occur.

Current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

Interest cost is the increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement.

Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits. Past service cost may be either positive (when benefits are introduced or changed so that the present value of the defined benefit obligation increases) or negative (when existing benefits are changed so that the present value of the defined benefit obligation decreases). In measuring its defined benefit liability the entity recognise past service cost as an expense in the reporting period in which the plan is amended.

Plan assets comprise assets held by a long-term employee benefit fund and qualifying insurance policies.

The present value of a defined benefit obligation is the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

The return on plan assets is interest, dividends and other revenue derived from the plan assets, together with realised and unrealised gains or losses on the plan assets, less any costs of administering the plan (other than those included in the actuarial assumptions used to measure the defined benefit obligation) and less any tax payable by the plan itself.

The municipality accounts not only for its legal obligation under the formal terms of a defined benefit plan, but also for any constructive obligation that arises from the municipality’s informal practices. Informal practices give rise to a constructive obligation where the municipality has no realistic alternative but to pay employee benefits. An example of a constructive obligation is where a change in the municipality’s informal practices would cause unacceptable damage to its relationship with employees.

The amount recognised as a defined benefit liability is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly;
- plus any liability that may arise as a result of a minimum funding requirement.

The amount determined as a defined benefit liability may be negative (an asset). The municipality measure the resulting asset at the lower of:

- the amount determined above; and
- the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The present value of these economic benefits is determined using a discount rate which reflects the time value of money.

Any adjustments arising from the limit above is recognised in surplus or deficit.

The municipality determines the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the annual financial statements do not differ materially from the amounts that would be determined at the reporting date.

The municipality recognises the net total of the following amounts in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

1.11 Employee benefits (continued)

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement rights;
- actuarial gains and losses;
- past service cost;
- the effect of any curtailments or settlements; and
- the effect of applying the limit on a defined benefit asset (negative defined benefit liability).

The municipality uses the Projected Unit Credit Method to determine the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost. The Projected Unit Credit Method (sometimes known as the accrued benefit method pro-rated on service or as the benefit/years of service method) sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

In determining the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost, a municipality shall attribute benefit to periods of service under the plan’s benefit formula. However, if an employee’s service in later years will lead to a materially higher level of benefit than in earlier years, a municipality shall attribute benefit on a straight-line basis from:

- the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service); until
- the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan. The results of the valuation are updated for any material transactions and other material changes in circumstances (including changes in market prices and interest rates) up to the reporting date.

The municipality recognises gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on a curtailment or settlement comprises:

- any resulting change in the present value of the defined benefit obligation; and
- any resulting change in the fair value of the plan assets.

Before determining the effect of a curtailment or settlement, the municipality re-measure the obligation (and the related plan assets, if any) using current actuarial assumptions (including current market interest rates and other current market prices).

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is presented as the net of the amount recognised for a reimbursement.

The municipality offsets an asset relating to one plan against a liability relating to another plan when the municipality has a legally enforceable right to use a surplus in one plan to settle obligations under the other plan and intends either to settle the obligations on a net basis, or to realise the surplus in one plan and settle its obligation under the other plan simultaneously.

1.11 Employee benefits (continued)

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

Financial assumptions are based on market expectations, at the reporting date, for the period over which the obligations are to be settled.

The rate used to discount post-employment benefit obligations (both funded and unfunded) reflect the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the post-employment benefit obligations.

Post-employment benefit obligations are measured on a basis that reflects:
- estimated future salary increases;
- the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the reporting date; and
- estimated future changes in the level of any state benefits that affect the benefits payable under a defined benefit plan, if, and only if, either:
- those changes were enacted before the reporting date; or
- past history, or other reliable evidence, indicates that those state benefits will change in some predictable manner, for example, in line with future changes in general price levels or general salary levels.

Assumptions about medical costs take account of estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs.

Long-term service awards

The municipality has an obligation to provide long term service awards to all if its employees who have been in service of the municipality for a certain periiod of time. According to the rules of the long-term service allowance scheme, which the municipality has instituted and operates, an employee (who is on the current conditions of service), is entitled to a cash allowance, calculated in terms of the rules of the scheme, after 10, 15, 20, 25, 30, 35, 40 and 45 years of continued service.

The municipality's liability is based on an actuarial valuation. The Projected Unit Credit Method is used to value the liability. Actuarial gains and losses on the long-term service awards are recognised in the statement of financial performance.

The amount recognised as a liability for other long-term employee benefits is the net total of the following amounts:
- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly.

The municipality shall recognise the net total of the following amounts as expense or revenue, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:
- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement right recognised as an asset;
- actuarial gains and losses, which shall all be recognised immediately;
- past service cost, which shall all be recognised immediately; and
- the effect of any curtailments or settlements.

1.11 Employee benefits (continued)

Termination benefits

The municipality recognises termination benefits as a liability and an expense when the entity is demonstrably committed to either:

- terminate the employment of an employee or group of employees before the normal retirement date; or
- provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

The municipality is demonstrably committed to a termination when the entity has a detailed formal plan for the termination and is without realistic possibility of withdrawal. The detailed plan includes [as a minimum]:

- the location, function, and approximate number of employees whose services are to be terminated;
- the termination benefits for each job classification or function; and
- the time at which the plan will be implemented.

Implementation begins as soon as possible and the period of time to complete implementation is such that material changes to the plan are not likely.

Where termination benefits fall due more than 12 months after the reporting date, they are discounted using an appropriate discount rate. The rate used to discount the benefit reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the benefit.

In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits shall be based on the number of employees expected to accept the offer.

1.12 Provisions and contingencies

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating expenditure.

If an municipality has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

1.12 Provisions and contingencies (continued)

A constructive obligation to restructure arises only when the municipality:

- has a detailed formal plan for the restructuring, identifying at least:
  - the activity/operating unit or part of a activity/operating unit concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for services being terminated;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the municipality

No obligation arises as a consequence of the sale or transfer of an operation until the municipality is committed to the sale or transfer, that is, there is a binding arrangement.

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 47 unless the possibility of an outflow or resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefit is probable.

Decommissioning, restoration and similar liability

Changes in the measurement of an existing decommissioning, restoration and similar liability that result from changes in the estimated timing or amount of the outflow of resources embodying economic benefits or service potential required to settle the obligation, or a change in the discount rate, is accounted for as follows:

If the related asset is measured using the cost model:

- changes in the liability is added to, or deducted from, the cost of the related asset in the current period.
- the amount deducted from the cost of the asset does not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit.
- if the adjustment results in an addition to the cost of an asset, the entity consider whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If there is such an indication, the entity test the asset for impairment by estimating its recoverable amount or recoverable service amount, and account for any impairment loss, in accordance with the accounting policy on impairment of assets as described in accounting policy 1.9 and 1.10.

The adjusted depreciable amount of the asset is depreciated over its useful life. Therefore, once the related asset has reached the end of its useful life, all subsequent changes in the liability is recognised in surplus or deficit as they occur. This applies under both the cost model and the revaluation model.

The periodic unwinding of the discount is recognised in surplus or deficit as a finance cost as it occurs.

1.12 Provisions and contingencies (continued)

Levies

A levy is an outflow of resources embodying economic benefits that is imposed by governments on entities in accordance with legislation (i.e. laws and/or regulations), other than:
- those outflows of resources that are within the scope of other Standards, and
- fines or other penalties that are imposed for breaches of the legislation.

Government refers to government, government agencies and similar bodies whether local, national or international.

The obligating event that gives rise to a liability to pay a levy is the activity that triggers the payment of the levy, as identified by the legislation.

The municipality does not have a constructive obligation to pay a levy that will be triggered by operating in a future period as a result of the municipality being economically compelled to continue to operate in that future period. The preparation of financial statements under the going concern assumption does not imply that the municipality has a present obligation to pay a levy that will be triggered by operating in a future period.

The liability to pay a levy is recognised progressively if the obligating event occurs over a period of time (i.e. if the activity that triggers the payment of the levy, as identified by the legislation, occurs over a period of time).

If an obligation to pay a levy is triggered when a minimum threshold is reached, the corresponding liability is recognised when that minimum threshold is reached.

The municipality recognises an asset if it has prepaid a levy but does not yet have a present obligation to pay that levy.

1.13 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

Service charges relating to electricity are based on consumption. Meters are read on a quarterly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:
- the municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale.

Revenue from the sale of tender documents is recognised at the point of sale.

1.13 Revenue from exchange transactions (continued)

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the recorded number of refuse containers per property.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff. This includes the issuing of licenses and permits.

Revenue arising out of situations where the municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

Interest

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
- The amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

1.14 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by a municipality, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Fines are economic benefits or service potential received or receivable by municipalities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, a municipality either receives value from another municipality without directly giving approximately equal value in exchange, or gives value to another municipality without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting municipality.

1.14 Revenue from non-exchange transactions (continued)

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the municipality satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the municipality.

When, as a result of a non-exchange transaction, the municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

Taxes

The municipality recognises an asset in respect of property rates when the taxable event occurs and the asset recognition criteria are met.

Resources arising from property rates satisfy the definition of an asset when the municipality controls the resources as a result of a past event (the taxable event) and expects to receive future economic benefits or service potential from those resources.

The municipality analyses the taxation laws to determine what the taxable events are for the various taxes levied.

Resources arising from taxes satisfy the criteria for recognition as an asset when it is probable that the inflow of resources will occur and their fair value can be reliably measured.

The taxable event for property rates is the passing of the date on which the tax is levied, or the period for which the tax is levied, if the tax is levied on a periodic basis.

Taxation revenue is determined at a gross amount. It is not reduced for expenses paid through the tax system.

Transfers

Apart from Services in kind, which are not recognised, the municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

1.14 Revenue from non-exchange transactions (continued)

Fines

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

Assets arising from fines are measured at the best estimate of the inflow of resources to the municipality.

Where settlement discounts or reductions in the amount payable are offered, the municipality considers past history in assessing the likelihood of these discounts or reductions being taken up by the debtors.

Where the municipality collects fines in the capacity of an agent, the fine will not be revenue of the collecting entity.

Gifts and donations, including goods in-kind

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

Services in-kind

Services in-kind are not recognised.

Concessionary loans received

A concessionary loan is a loan granted to or received by an property, plant and equipment on terms that are not market related.

The portion of the loan that is repayable, along with any interest payments, is an exchange transaction and is accounted for in accordance with the Standard of GRAP on Financial Instruments. The off-market portion of the loan is a non-exchange transaction. The off-market portion of the loan that is recognised as non-exchange revenue is calculated as the difference between the proceeds received from the loan, and the present value of the contractual cash flows of the loan, discounted using a market related rate of interest.

The recognition of revenue is determined by the nature of any conditions that exist in the loan agreement that may give rise to a liability. Where a liability exists the cash flow statement recognises revenue as and when it satisfies the conditions of the loan agreement.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportionate basis.

Accounting Policies

1.15 Value-added tax

The municipality accounts for value-added tax (VAT) on the payment basis.

The municipality is registered with the South African Reenue Services (SARS) for VAT on the payment basis, in accordance with section 15(2) of the VAT Act (Act no. 89 of 1991).

1.16 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

1.17 Unauthorised expenditure

Unauthorised expenditure means any expenditure incurred by the municipality otherwise than in accordance with section 15 or 11(3) of the Municipal Finance Management Act (Act No.56 of 2003) and includes:

- overspending of of the total amount appropriated in the municipality's approved budget;
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.
- expenditure from a vote unrelated to the department or functional area covered by the vote;
- expenditure of money appropriated for a specific purpose,otherwise than for that specific purpose;
- spending of an allocation reffered to in paragraph (b),(c) or (d) of the definition of "allocation" otherwise than in accordance with any conditions of the allocation;or a grant by the municipality in accordance with the Municipal Finance Management Act.

1.18 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.19 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity’s supply chain management policy.

Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

Accounting Policies

1.20 Accumulated surplus

Capital replacement reserve (CRR)

In order to finance the provision of infrastructure and other items of property, plant and equipment, amounts are transferred from the accumulated surplus/(deficit) to the CRR in terms of a Council resolution (Number C30 dated 17.10.2012).

These transfers from the net surplus may only be made if they are backed by cash. The amount transferred to CRR is based on the municipality's need to finance future capital progress included in the integrated development plan. The following provisions are set for the creation and utilisation of the CRR:

- the cash which backs up the CRR is invested until it is utilised. The cash may only be invested in accordance with the investment policy of the municipality.
- interest earned on the CRR investment is recorded as part of the total interest earned in the statement of financial performance
- the CRR may only be utilised for the purpose of purchasing items of property, plant and equipment for the municipality and may not be used for maintenance of these items.
- whenever an asset is purchased out of CRR, an amount equal to the cost price of the asset purchased is transferred from the CRR into a future depreciation reserve called the Capitalisation Reserve. This reserve is equal to the remaining depreciable value (book value) of assets purchased out of the CRR. The Capitalisation Reserve is used to offset depreciation charged on assets purchased out of the CRR to avoid double taxation of the consumers.
- if a gain is made on the sale of assets previously purchased out of the CRR, the gain on these assets sold is reflected in the statement of financial performance.

Housing development fund

The Housing Development Fund was established in terms of the Housing Act, (Act No. 107 of 1997). Loans from national and provincial government used to finance housing selling schemes undertaken by the municipality were extinguished on 1 April 1998 and transferred to a Housing Development Fund. Housing selling schemes, both complete and in progress as at 1 April 1998, were also transferred to the Housing Development Fund.

Provisions are set out for the creation and utilisation of the Housing Development Fund. The Housing Development Fund is cash- backed, and invested in accordance with the investment policy of the municipality.

In terms of the Housing Act, all proceeds from housing developments, which include rental income and sales of houses, must be paid into the Housing Development Fund. Monies standing to the credit of the Housing Development Fund can be used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

Revaluation reserve

The surplus arising from the revaluation of property, plant and equipment is credited to a non-distributable reserve. The revaluation surplus is realised as revalued buildings are depreciated, through a transfer from the revaluation reserve to the accumulated surplus/deficit. On disposal, the net revaluation surplus is transferred to the accumulated surplus/deficit while gains or losses on disposal, based on revalued amounts, are credited or charged to the statement of financial performance.

Donations and public contributions reserve

When items of property, plant and equipment are financed from public contributions and donations, a transfer is made from the accumulated surplus/deficit to the Donations and Public Contributions Reserve equal to the donations and public contributions recorded as revenue in the statement of financial performance in accordance with a directive issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Donations and Public Contributions Reserve to the accumulated surplus/deficit. The purpose of this policy is to promote community equity and facilitate budgetary control by ensuring that sufficient funds are set aside to offset the future depreciation charges that will be incurred over the estimated useful life of the item of property, plant and equipment financed from donations and public contributions.

When an item of property, plant and equipment financed from government grants is disposed, the balance in the Donations and Public Contributions Reserve relating to such item is transferred to the accumulated surplus/deficit.

1.20 Accumulated surplus (continued)

Government grant reserve

When items of property, plant and equipment are financed from government grants, a transfer is made from the accumulated surplus/deficit to the Government Grants Reserve equal to the Government Grant recorded as revenue in the statement of financial performance in accordance with a directive issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Government Grant Reserve to the accumulated surplus/deficit. The purpose of this policy is to promote community equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of government grant funded items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus/deficit.

The purpose of this policy is to promote community equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of government grant funded items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus.

When an item of property, plant and equipment financed from government grants is disposed, the balance in the Government Grant Reserve relating to such item is transferred to the accumulated surplus/deficit.

1.21 Budget information

Municipality are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

The approved budget is prepared on a accrual basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 01/07/2016 to 30/06/2017.

The budget for the economic entity includes all the entities approved budgets under its control.

The annual financial statements and the budget are on the same basis of accounting,

1.22 Related parties

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the municipality.

Only transactions with related parties not at arm’s length or not in the ordinary course of business are disclosed.

1.23 Events after the reporting date

The municipality has carefully considered whether events occurring between the Statement of Financial Position date and the date of approval should be reflected in the annual financial statements. Events after the reporting period (or 'post Statement of Financial Position events') are either adjusting events or non-adjusting events.

Adjusting events provide further evidence of conditions that existed at the statement of financial position date and the carrying amounts of assets and liabilities at the statement of financial position date are adjusted for such events. Non-adjusting events relate to conditions that arose after the statement of financial position date and should be disclosed.

The municipality adjusts amount recognised in the financial statements to reflect adjsting events after the reporting date once the event occured.

1.24 Commitments

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

Disclosures are required in respect of unrecognised contractual commitments.

Accounting Policies

1.24 Commitments (continued)

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the municipality has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 26 (as amended 2015): Impairment of cash-generating assets	01 April 2016	
• GRAP 21 (as amended 2015): Impairment of non-cash-generating assets	30 June 2016	
• IGRAP 17: Service Concession Arrangements where a Grantor Controls a Significant Residual Interest in an Asset	01 April 2016	
• GRAP 17 (as amended 2015): Property, Plant and Equipment	01 April 2016	
• GRAP 16 (as amended 2015): Investment Property	01 April 2016	

2.2 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality’s accounting periods beginning on or after 01 July 2017 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 109: Accounting by Principals and Agents	01 April 2017	Unlikely there will be a material impact
• GRAP 18: Segment Reporting	01 April 2017	Unlikely there will be a material impact

2.3 Standards and interpretations not yet effective or relevant

The following standards and interpretations have been published and are mandatory for the municipality’s accounting periods beginning on or after 01 July 2017 or later periods but are not relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• Directive 12: The Selection of an Appropriate Reporting Framework by Public Entities	01 April 2018	Unlikely there will be a material impact
• GRAP 108: Statutory Receivables	01 April 2016	Unlikely there will be a material impact
• GRAP 32: Service Concession Arrangements: Grantor	01 April 2016	Unlikely there will be a material impact

Figures in Rand	2017	2016

3. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	6,033	6,200
Bank balances	2,630,042	286,911
Cash and cash equivalents at the end of the year	**2,636,075**	**293,111**

Cash on hand		
Balance at end of the year	6,033	6,200

First National Bank - Mandeni branch:		
Cheque Account		
Account number 52940480587		
Cash book balance	2,630,042	286,911
Bank statement balance	1,759,353	3,817,864

4. Call investment deposits

Call investment deposits consist of deposits maturing within a year and conditional grants that are ringfenced to be cash backed:

Nedbank - Mandeni branch -		
Call investment deposits		
Account number - 23581136/9998		
Cash book balance	1,537,812	7,120,345
Bank statement balance	1,537,812	7,120,345
Standard Bank -Mandeni branch -		
Call investment		
Account number -068637527002		
Cash book balance	69	27,106
Bank statement balance	69	27,106
First National Bank - Mandeni branch -		
Call investment deposits		
Account nunber - C061294217372		
Cash book balance	334,191	4,169,606
Bank statement balance	334,191	4,169,606
First National Bank - Mandeni branch -		
Call investment deposits		
Account number - C062028673219		
Cash book balance	1,943,843	1,859,195
Bank statement balance	1,943,843	1,859,195
First National Bank - Mandeni branch -		
Call investment deposits		
Account number - C062138398327.		
Cash book balance	55,156	(89,450)
Bank statement balance	70,375	260,951
First National Bank - Mandeni branch -		
Call investment deposits		
Account number - C062252919471		
Cash book balance	4,820,898	(1,215,221)
Bank statement balance	6,764,203	126,711

Figures in Rand	2017	2016
4. Call investment deposits (continued)		
First National Bank - Mandeni branch - Call investment deposits Account number - C062113325882		
Cash book balance	34,878	9,810
Bank statement balance	34,879	9,811
Standard Bank - Mandeni branch - Call investment deposits Account number - 068637527003		
Cash book balance	1,379,942	6,048,147
Bank statement balance	1,379,942	6,048,147
First National Bank - Mandeni branch - Call investment deposits Account number - C062527527462		
Call account 6 -INEP	2,324,883	3,684,961
Bank statement balance	3,194,261	3,684,961
First National Bank - Mandeni branch - Call investment deposits Account number - C0625238203449		
Call account 7-Asset Revaluation	88,928	5,841,277
Bank statement balance	88,927	5,841,277
Cash book balance	**12,520,600**	**27,455,776**

The following call investment deposits have no restrictions on the use of funds:

- Nedbank - Mandeni branch - Call investment deposits
  Account number - 23581136/9998

- Standard Bank - Mandeni branch - Call investment deposits
  Account number - 068637527002

- Standard Bank - Mandeni branch - Call investment deposits
  Account number - 068637527003

- First National Bank - Mandeni branch - Call investment deposits
  Account number - C061294217372

The following call investment deposits have the following restrictions on the use of funds:

- First National Bank - Mandeni branch - Call investment deposits
  Account number - C062028673219:
  This account may only be used for housing related expenditure.

- First National Bank - Mandeni branch - Call investment deposits
  Account number - C062138398327:
  This account may only be used for MIG expenditure.

- First National Bank - Mandeni branch - Call investment deposits
  Account number - C062252919471:
  This account may only be used for Neighbourhood Development Program expenditure.

Included in the amounts above are capital grants. See note 15 for additional information.

Figures in Rand	2017	2016

5. Receivables from exchange transactions

	2017	2016
Gross balances		
Electricity	4,325,929	3,163,577
Refuse	31,299,732	26,332,806
	35,625,661	**29,496,383**
Less: Allowance for impairment		
Electricity	(1,238,972)	(1,617,685)
Refuse	(26,113,182)	(16,610,454)
	(27,352,154)	**(18,228,139)**
Net balance		
Electricity	3,086,957	1,545,892
Refuse	5,186,550	9,722,352
	8,273,507	**11,268,244**
Electricity		
Current (0 -30 days)	294,349	938,542
31 - 60 days	88,939	433,781
61 - 90 days	390,599	286,266
91 - 120 days	(669,732)	150,628
121 - 365 days	1,058,197	475,954
> 365 days	3,163,577	878,406
Less: impairments	(1,238,972)	(1,617,685)
	3,086,957	**1,545,892**
Refuse		
Current (0 -30 days)	574,572	504,090
31 - 60 days	590,113	431,235
61 - 90 days	401,305	375,067
91 - 120 days	487,899	367,140
121 - 365 days	2,913,035	2,678,135
> 365 days	26,332,806	21,977,139
Less: impairments	(26,113,180)	(16,610,454)
	5,186,550	**9,722,352**

Figures in Rand	2017	2016

6. Receivables from non-exchange transactions

Capital receivables represent funding that Council is awaiting from external institutions for capital expenditure incurred and claimed, but not yet received at year-end.

The average credit period for capital receivables is dependent on the government department involved and the nature of the claim. No interest is charged on outstanding capital receivables. The subsidies are payable to the municipality resulting from allocations made in the DORA or based on agreements between the municipality and the relevant departments.

Gross balances		
Rates	77,329,859	65,381,678
Interest	35,203,607	25,946,249
Other	130,035	311,504
Recievable from non-exchange transaction (not aged)		
Fines	807,788	718,130
Other receivables	69,929	926,880
Postage deposit	10,000	10,000
	113,551,218	**93,294,441**

Less: Non-exchange transactions impairment (aged)		
Rates	(60,269,810)	(43,875,042)
Interest	(26,494,487)	(15,573,899)
Other	(519,483)	(107,037)
	(87,283,780)	**(59,555,978)**

Net balances		
Rates	17,060,049	21,506,636
Interest	8,709,120	10,372,350
Other	(389,448)	204,467
Fines	807,788	718,130
Other receivables	69,929	926,880
Postage deposit	10,000	10,000
	26,267,438	**33,738,463**

Rates		
Current (0 -30 days)	(629,013)	(31,040)
31 - 60 days	2,095,912	1,544,038
61 - 90 days	(5,166,537)	1,867,494
91 - 120 days	2,030,051	1,437,274
121 - 365 days	13,617,768	7,512,073
> 365 days	65,381,678	53,051,839
Less: Impairment	(60,269,810)	(43,875,042)
	17,060,049	**21,506,636**

Interest		
Current (0 -30 days)	993,221	872,421
31 - 60 days	796,040	855,768
61 - 90 days	905,221	885,025
91 - 120 days	525,831	866,304
121 - 365 days	6,037,045	5,684,428
> 365 days	25,946,249	16,782,303
Less: Impairment	(26,494,487)	(15,573,899)
	8,709,120	**10,372,350**

Figures in Rand	2017	2016

6. Receivables from non-exchange transactions (continued)

Other		
Current (0 -30 days)	(10,000)	100
31 - 60 days	(9,800)	83
61 - 90 days	-	(958)
91 - 120 days	12,610	100
121 - 365 days	(174,279)	76,311
> 365 days	311,503	235,867
Less: Impairment	(519,482)	(107,036)
	(389,448)	**204,467**

Total		
Current (0 -30 days)	354,208	841,481
31 - 60 days	2,882,151	2,399,890
61 - 90 days	(4,261,315)	2,751,562
91 - 120 days	2,568,493	2,303,678
121 - 365 days	19,480,534	13,272,812
> 365 days	91,639,430	70,069,508
	112,663,501	91,638,931
Less: Impairment	(87,283,780)	(59,555,978)
	25,379,721	**32,082,953**

Households		
Current (0 -30 days)	840,885	1,695,821
31 - 60 days	1,641,787	1,766,355
61 - 90 days	987,642	1,535,169
91 - 120 days	1,554,808	1,427,883
121 - 365 days	9,194,689	9,642,337
> 365 days	74,265,102	56,933,684
Less: Impairment	(73,353,127)	(43,874,556)
	15,131,786	**29,126,693**

Industrial/Commercial		
Current (0 -30 days)	280,538	555,809
31 - 60 days	1,768,879	1,429,396
61 - 90 days	(4,480,146)	1,773,491
91 - 120 days	748,809	1,691,296
121 - 365 days	14,068,115	6,304,886
> 365 days	45,037,980	34,198,765
Less: Impairment	(39,449,664)	(32,217,434)
	17,974,511	**13,736,209**

National/Provincial Government		
Current (0 -30 days)	101,705	33,494
31 - 60 days	150,538	69,154
61 - 90 days	23,092	104,234
91 - 120 days	83,043	(297,733)
121 - 365 days	188,964	479,678
> 365 days	1,832,732	1,792,104
Less: Impairment	(1,833,141)	(1,909,735)
	546,933	**271,196**

Figures in Rand	2017	2016

6. Receivables from non-exchange transactions (continued)

Provision for Impairment

Current (0 -30 days)	(1,116,671)	(1,186,212)
31 - 60 days	(2,291,618)	(1,806,929)
61 - 90 days	(1,683,598)	(1,709,160)
91 - 120 days	(1,717,045)	(1,282,546)
121 - 365 days	(14,610,692)	(11,529,534)
> 365 days	(93,216,310)	(60,487,343)
	(114,635,934)	**(78,001,724)**

Reconciliation of allowance for impairment for receivables from non-exchange transactions

Opening balance	(78,001,724)	(75,962,817)
Contribution for bad debt	(36,634,210)	(1,821,299)
Amounts written off as uncollectible	-	(217,608)
	(114,635,934)	**(78,001,724)**

Total

Current (0 -30 days)	106,458	1,098,901
31 - 60 days	1,269,586	1,457,976
61 - 90 days	(5,153,010)	1,703,735
91 - 120 days	669,615	1,538,899
121 - 365 days	8,841,076	4,897,367
> 365 days	27,919,503	32,437,210
	33,653,228	**43,134,088**

7. Inventories

Consumable stores	245,672	317,867
Maintenance materials	90,757	104,097
	336,429	**421,964**

Consumable stores

At cost	317,867	465,071
Additions	562,017	620,975
Issued/(expensed)	(634,212)	(768,179)
	245,672	**317,867**

Maintenance materials

At cost	104,097	173,019
Additions	103,842	48,378
Issued/(expensed)	(117,182)	(117,300)
	90,757	**104,097**

8. VAT receivable

VAT	11,116,669	1,791,132

VAT is payable on the cash basis. VAT is paid over to SARS only once payment is received from debtors.

Notes to the Annual Financial Statements

Figures in Rand

9. Investment property

	2017			2016		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	46,606,200	-	46,606,200	46,606,200	-	46,606,200

Reconciliation of investment property - 2017

	Opening balance	Additions	Disposals	Impairments	Fair value adjustments	Total
Investment property	46,606,200	-	-	-	-	46,606,200

Reconciliation of investment property - 2016

	Opening balance	Additions	Disposals	Impairments	Fair value adjustments	Total
Investment property	46,606,200	-	-	-	-	46,606,200

9. Investment property (continued)

Details of valuation

The Valuation roll for 2012/13 has been used to determine the fair values as it is believed to reflect the market value of properties.

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

Fair value of investment properties	2017	2016
Portion 6 of Farm Lot 5 Ca No. 8440	10,000	10,000
Portion 7 of Farm Lot 5 Ca No. 8440	20,000	20,000
Lot 56 of Padianager	33,000	33,000
Lot 1203 of Mandeni - Aloe Road	60,000	60,000
Lot 571 of Mandeni - Anderson Road	92,000	92,000
Lot 504 of Mandeni - Matthews Road	95,000	95,000
Lot 327 of Mandeni - Greig Road	121,000	121,000
Lot 1466 of Mandeni - Aloe Road	296,000	296,000
Portion 4 of Farm Lot 13 Tugela No. 13862	320,000	320,000
Portion 2 of Farm Reserve No. 21 No. 16882	360,000	360,000
The Farm Lot 5 B No. 4351 Agricultural	1,100,000	1,100,000
The Farm Lot 5 Ca No. 8440	1,890,000	1,890,000
Remainder of Farm Lot 30 Inyoni No. 13890	2,470,000	2,470,000
Portion 1 of Farm Reserve No. 21 No. 16882	16,000,000	16,000,000
Lot 1340 of Mandeni	59,500	59,500
Lot 1018 of Mandeni	154,000	154,000
Lot 175 of Padianager	41,000	41,000
Lot 181 of Tugela	41,000	41,000
Lot 48 Tugela mouth	400,000	400,000
Portion 10 Sisalana no. 15641	8,000	8,000
Lot 185 Newark no. 2621	42,000	42,000
Portion 4 Lot 9901 Newark no. 2621	125,000	125,000
Portion 6 Lot 9901 Newark no. 2621	2,380,000	2,380,000
Various lots Padianagar	302,000	302,000
Various lots Tugela	794,500	794,500
Various lots Tugela Ext 3	1,559,200	1,559,200
Variious lots Mandeni Ext 7	240,800	240,800
Various lots Mandeni Ext 8	17,592,200	17,592,200
	46,606,200	**46,606,200**

There are no restrictions on the realisability of investment property or the remittance of revenue and proceeds of disposal.

There is no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

Notes to the Annual Financial Statements

Figures in Rand

10. Property, plant and equipment

	2017			2016		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	1,215,000	-	1,215,000	1,215,000	-	1,215,000
Buildings	25,317,520	(2,029,871)	23,287,649	19,158,460	(1,616,140)	17,542,320
Infrastructure	410,534,875	(111,029,248)	299,505,627	349,184,879	(92,868,817)	256,316,062
Community	60,144,349	(9,855,348)	50,289,001	53,673,297	(7,685,149)	45,988,148
Other assets	33,165,391	(12,266,822)	20,898,569	27,806,530	(9,258,955)	18,547,575
Total	**530,377,135**	**(135,181,289)**	**395,195,846**	**451,038,166**	**(111,429,061)**	**339,609,105**

10. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2017

	Opening balance	Additions	Additions through transfer of functions / mergers	Revaluations	Depreciation	Impairment loss	Total
Land	1,215,000	-	-	-	-	-	1,215,000
Buildings	17,542,320	6,159,059	-	-	(413,730)	-	23,287,649
Infrastructure	256,316,062	61,356,471	(8,000)	-	(18,158,906)	-	299,505,627
Community	45,988,148	6,471,053	-	-	(2,170,200)	-	50,289,001
Other assets	18,547,575	5,636,789	-	-	(3,125,424)	(160,371)	20,898,569
	339,609,105	**79,623,372**	**(8,000)**	**-**	**(23,868,260)**	**(160,371)**	**395,195,846**

Reconciliation of property, plant and equipment - 2016

	Opening balance	Additions	Additions through transfer of functions / mergers	Transfers	Depreciation	Impairment loss	Total
Land	904,000	311,000	-	-	-	-	1,215,000
Buildings	15,503,704	2,067,990	2,352,865	-	(534,433)	(1,847,806)	17,542,320
Infrastructure	234,044,249	29,216,711	12,446,420	826,239	(17,264,781)	(2,952,776)	256,316,062
Community	38,553,610	15,000,743	(4,959,988)	(826,239)	(2,067,646)	287,668	45,988,148
Other assets	19,585,379	2,871,072	-	-	(2,961,013)	(947,863)	18,547,575
	308,590,942	**49,467,516**	**9,839,297**	**-**	**(22,827,873)**	**(5,460,777)**	**339,609,105**

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

Notes to the Annual Financial Statements

Figures in Rand	2017	2016

11. Intangible assets

	2017			2016		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	2,191,953	(585,240)	1,606,713	549,364	(175,392)	373,972

Reconciliation of intangible assets - 2017

	Opening balance	Additions	Amortisation	Total
Computer software	373,972	1,642,588	(409,847)	1,606,713

Reconciliation of intangible assets - 2016

	Opening balance	Additions	Amortisation	Impairment loss	Total
Computer software	338,210	245,580	(148,483)	(61,335)	373,972

12. Payables

	2017	2016
Trade payables	11,380,378	1,229,355
Retention	4,148,416	3,935,194
Other payables	837,010	1,586,150
Bank deposits not yet receipted	866,366	537,541
	17,232,170	7,288,240
Cashier's collections	615,281	264,018
	17,847,451	**7,552,258**

Notes to the Annual Financial Statements

Figures in Rand	2017	2016

13. Consumer deposits

Electricity	863,813	1,584,676

No guarantees are held in lieu of Electricity Deposits.

14. Provisions

Reconciliation of provisions - 2017

	Opening Balance	Additions	Utilised during the year	Total
Provision for leave pay	6,518,630	1,097,636	(383,843)	7,232,423
Staff Bonus provision	1,835,519	-	-	1,835,519
	8,354,149	**1,097,636**	**(383,843)**	**9,067,942**

Reconciliation of provisions - 2016

	Opening Balance	Additions	Utilised during the year	Total
Provision for leave pay	4,215,903	717,593	1,585,134	6,518,630
Provision for Bonus	1,585,134	250,385	-	1,835,519
	5,801,037	**967,978**	**1,585,134**	**8,354,149**

The calculation for leave pay provision is based on the assumption that the balance of leave days accumulated by an individual employee should he/she terminate their employment, is payable. It is further assumed, that basic salaries reflect a true and current nature of an employee's remuneration and do not factor any retrospective changes with regards to SALGA negotiations or employee grievances.

15. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts		
EPWP grant	110,522	-
Library KZNPA grant	911,445	403,976
Economic Development grant	-	321,917
Sport and recreation grant	60,211	102,958
NDP grant	4,831,428	-
Massification Grant	-	6,197,928
INEP grant	2,549,320	4,244,553
	8,462,926	**11,271,332**

See note 26 for reconciliation of grants from and receipts.

The capital grants are invested in a ring-fenced investment until utilised. See note 4 for additional information.

Notes to the Annual Financial Statements

Figures in Rand	2017	2016

16. Finance lease obligation

Future finance charges		
- within one year	672,591	348,677
- in second to fifth year inclusive	824,158	247,133
Present value of minimum lease payments	**1,496,749**	**595,810**
Present value of minimum lease payments due		
- within one year	1,180,678	263,322
- in second to fifth year inclusive	3,377,797	670,866
	4,558,475	**934,188**
Non-current liabilities	3,377,797	670,866
Current liabilities	1,180,678	263,323
	4,558,475	**934,189**
Minimum lease payment		
-Within one year	1,853,269	612,000
-In second to fifth year inclusive	4,201,954	918,000
	6,055,223	**1,530,000**

The average lease term is 3 years and the average effective borrowing rate is 10.5%. Interest rates are fixed at the contract date. Some leases have fixed repayment terms. No arrangements have been entered into for contingent rent. Obligations under finance leases are secured by the lessor's title to the leased assets.

17. Employee benefit obligations

Post retirement medical benefit plan

The municipality provides certain post-retirement health care benefits by funding the medical aid contributions of qualifying retired members of the municipality. According to the rules of the Medical Aid Funds, with which the municipality is associated, a member (who is on the current Conditions of Service) is entitled to remain a continued member of such medical aid fund on retirement, in which case the municipality is liable for a certain portion of the medical aid membership fee. The municipality operates an unfunded defined benefit plan for these qualifying employees. No other post-retirement benefits are provided to these employees.

The municipality operated on five accredited medical aid schemes, namely Keyhealth, LA Health, SAMWU, Bonitas and Hosmed.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2017 by Independent Actuaries & Consultants. The present value of the defined benefit obligation, and the related current service cost and past service cost were measured using the Projected Unit Credit Method.

17. Employee benefit obligations (continued)

Multi-employer pension funds

The municipality makes provision for post-retirement benefits to eligible councillors and employees, who belong to different pension schemes.

All councillors belong to the pension fund for municipal councillors.

Employees belong to a variety of approved pension and provident funds.

These funds are governed by the Pension Funds Act and include both defined benefit and defined contribution schemes.

All of these funds are multi-employer plans and are subject to either a tri-annual, bi-annual or annual actuarial valuation.

Sufficient information is not available to use defined benefit accounting for the pension and retirement funds, due to the following reasons:
(i) The assets of each fund are held in one portfolio and are not notionally allocated to each of the participating employers.
(ii) One set of financial statements are compiled for each fund and financial statements are not drafted for each participating employer.
(iii) The same rate of contribuon applies to all participating employers and no regard is paid to differences in the membership distribution of the participating employers.

It is therefore seen that each fund operates as a single entity and is not divided in sub-funds for each participating employer.

The only obligation of the municipality with respect to the retirement benefit plans is to make the specified contributions. Where councillors / employees leave the plans prior to full vesting of the contributions, the contributions payable by the municipality are reduced by the amount of forfeited contributions.

The total expense recognised in the Statement of Financial Performance represents contributions payable to these plans by the municipality at rates specified in the rules of the plans. These contributions have been exxpensed.

The amounts recognised in the statement of financial position are as follows:

	2017	2016
Carrying value		
Present value of the defined benefit obligation-partly or wholly funded	(17,998,108)	(18,707,714)

Changes in the present value of the defined benefit obligation are as follows:

	2017	2016
Opening balance	15,851,784	12,867,000
Net expense recognised in the statement of financial performance	(749,000)	2,984,784
	15,102,784	**15,851,784**

Net expense recognised in the statement of financial performance

	2017	2016
Current service cost	1,082,000	1,005,000
Interest cost	1,534,000	1,146,660
Actuarial (gains) losses	(3,108,000)	1,007,375
Benefits paid	(257,000)	(174,251)
	(749,000)	**2,984,784**

Figures in Rand	2017	2016

17. Employee benefit obligations (continued)

Key assumptions used

Assumptions used at the reporting date:

Expected retirement age	63	63
Discount rates used	8.83 %	9.74 %
Medical cost trend rates	- %	8.76 %
Consumer price inflation	6.62 %	7.26 %
Net iffective discount rate	2.07 %	0.90 %

Percentage of in-service members withdrawing before retirement

Age 20	16.0 %	16.0 %
Age 30	10.0 %	10.0 %
Age 40	6.0 %	6.0 %
Age 50	2.0 %	2.0 %
Age 55+	- %	- %

It is difficult to predict future investment returns and health care cost inflation rates. The relationship between them is more stable and therefore easier to predict. GRAP 25 requires that financial assumptions be based on market expectations at the Valuation Date for the period over which the liability obligations are to be settled.

Discount Rate: GRAP 25 stipulates that the choice of this rate should be derived from government bond yields. However, where the market in these bonds is not significant, the market yields on goverment bonds consistent with the estimated term of the post-employment liabilities should be used. The discount rate at 30 June 2017 is 8.83% which represents the average yield from the zero coupon government bond curve over a 15 to 20 year term.

Salary Inflation Rate: This assumption is required to reflect the estimated growth in salaries of the eligible employees until retirement.

General Salary Inflation: This assumption is more stable relative to the growth in consumer Price Index (CPI) than in the absolute terms. In most industries, experience has shown, that over the long-term, salary inflation is between 1.0% and 1.5% above CPI inflation.

The implied inflation assumption is 5.62% per annum which represents the market's pricing of inflation by comparing the yields on index linked government bonds and long term government bonds with a duration of 15 to 20 years, adjusting for an inflation risk premium of 0.5% per annum.

It has been assumed that the next salary increase will take place on 1 July 2017.

The next contribution increase was assumed to occur with effect from 1 January 2017.

Replacement ratio: This is the expected pension as a percentage of final salary, at retirement. This assumption is required to determine the income band at retirement of members since some contribution rate tables are income-dependent. A replacement ratio of 65% was assumed. Income bands are assumed to increase with general salary inflation and therefore an explicit salary inflation assumption is not necessary.

Notes to the Annual Financial Statements

Figures in Rand	2017	2016

17. Employee benefit obligations (continued)

Long service awards and retirement gifts

The independent valuers, Independent Actuaries and Consultants, carry out a statutory valuation on an annual basis.

The principal actuarial assumptions used were as follows:

	2017	2016
Discount rate per annum	8.83 %	8.95 %
General salary inflation (long term)	6.62 %	7.56 %
Net effective discount rate	2.07 %	1.30 %

	2017	2016
Examples of mortality rates used were as follows:		
Average retirement age	63	63
Mortality during employment	SA 85-90	SA 85-90

Members resigned from service

	Per 1,000 members	Per 1,000 members
Age 20	160	160
Age 30	100	100
Age 40	60	60
Age 50	20	20
Age 55+	-	-

Membership summary		
Number of members	240	231
Average age of members (years)	39.5	39.2
Average past service (years)	7.3	7.5
Average salary (annual)	205,301	204,29

Benefit Structure

Service years	Award (Number of days)	Award (Number of days)
10	10	10
15	20	20
20	30	30
25	30	30
30	30	30
35	30	30
40	30	30
45	30	30

Figures in Rand	2017	2016

17. Employee benefit obligations (continued)

Movement in the defined benefit obligation is as follows:

Balance at beginning of the year	2,836,499	2,380,124
Current service cost	410,685	356,325
Interest cost	274,893	192,053
Expected benefit payments	(359,215)	(152,185)
Recognised actuarial (gains)/losses	(286,969)	60,182
Balance at end of year	**2,875,893**	**2,836,499**

The amounts recognised in the Statement of Financial Performance were as follows:

Current service cost	410,685	359,325
Interest cost	274,893	192,053
Benefit payment	(359,215)	(152,185)
Actuarial (gains) / loss	(286,969)	60,182
	39,394	**459,375**

In conclusion:

Statement of Financial Position obligation for		
Long service award liability	2,875,893	2,836,499
Retirement benefit liability	15,122,000	15,871,215
	17,997,893	**18,707,714**

Statement of Financial Performance obligation for		
Long service award expense	39,394	456,375
Retirement benefit expense	(749,000)	2,984,215
	(709,606)	**3,440,590**

Key assumptions used

In estimating the liability for long service awards (LSA) a number of assumptions are required. GRAP 25 statement places the responsibility on management to set these assumptions, as guided by the principles set out in the Statement and in discussion with the actuary.

It should be noted that the valuation method and assumptions do not affect the ultimate cost of the LSA- this is determined by the actual experience and by the benefits provided. The method and assumptions influence how the past service liability and future-service costs are recognised over time.

It is difficult to predict future investment returns and health care cost inflation rates. The relationship between them is more stable and therefore easier to predict. GRAP 25 requires that financial assumptions be based on market expectations at the Valuation Date for the period over which the liability obligations are to be settled.

Discount Rate: GRAP 25 stipulates that the choice of this rate should be derived from high quality corporate bond yields. However, where the market in these bonds is not significant, the market yields on goverment bonds consistent with the estimated term of the post-employment liabilities should be used. The discount rate is 8.95% which represents the average yield from the zero coupon government bond curve over nine years which is consistent with the cash flow weighted average of the liabilities of nine years.

Notes to the Annual Financial Statements

Figures in Rand	2017	2016

18. Accumulated surplus

Ring-fenced internal funds and reserves within accumulated surplus

	Revaluation reserve	Public contributions reserve	Accumulated surplus	Total
Balance at 01 July 2015	**151,731,208**	**50,941,129**	**175,725,451**	**378,397,788**
Surplus for the year	-	-	32,896,668	32,896,668
Balance at 01 July 2016	**151,731,208**	**50,941,129**	**208,622,119**	**411,294,456**
Surplus for the year	-	-	32,522,469	32,522,469
Balance at 30 June 2017	**151,731,208**	**50,941,129**	**241,144,588**	**443,816,925**

19. Revenue

	2017	2016
Property rates	30,557,372	27,408,131
Property rates - penalties imposed	9,864,412	9,765,673
Service charges	21,149,513	19,524,661
Rental of facilities and equipment	240,754	286,023
Interest received - external investments	2,960,636	3,627,069
Fines	349,545	32,314
Licences and permits	1,175,284	1,122,500
Government grants & subsidies	174,804,417	172,071,406
Other income	38,362,941	16,846,946
	279,464,874	**250,684,723**

	2017	2016
The amount included in revenue arising from exchanges of goods or services are as follows:		
Service charges	21,149,513	19,524,661
Rental of facilities and equipment	240,754	286,023
Licences and permits	1,175,284	1,122,500
Other income	38,362,941	16,846,946
Interest received - external investment	2,960,636	3,627,069
	63,889,128	**41,407,199**

	2017	2016
The amount included in revenue arising from non-exchange transactions is as follows:		
Taxation revenue		
Property rates	30,557,372	27,408,131
Property rates - penalties imposed	9,864,412	9,765,673
Transfer revenue		
Government grants & subsidies	174,804,417	172,071,406
Fines, Penalties and Forfeits	349,545	32,314
	215,575,746	**209,277,524**

20. Property rates

Rates received

	2017	2016
Residential	16,714,987	16,536,948
Commercial	11,746,341	10,392,641
State	2,096,044	478,542
	30,557,372	27,408,131
Property rates - penalties imposed	9,864,412	9,765,673
	40,421,784	**37,173,804**

Figures in Rand	2017	2016

20. Property rates (continued)

Valuations

Residential	854,112,900	854,112,900
Commercial	81,882,750	81,882,750
Industrial	905,000	905,000
Industrial Estate Special	783,071,200	783,071,200
Mining	14,800,000	14,800,000
Agricultural	503,400,300	503,400,300
Institutional	375,789,400	375,789,400
Public Services Infrastructure	208,722,300	208,722,300
Public benefit organisation	7,626,600	7,626,600
Municipal Properties	238,413,300	238,413,300
Vacant land	8,129,200	8,129,200
	3,076,852,950	**3,076,852,950**

Commercial includes industrial, mining and agriculture.

State includes institutional and public services infrastructure.

Valuations on land and buildings are performed every 4 years. The last general valuation came into effect on 1 July 2012. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

The following are the rates randage that were applied to the valuations in respect of the various categories:

Residential	0.0118	0.0111
Commercial	0.0201	0.0188
Industrial	0.0201	0.0188
Industrial Estate Special	0.0134	0.0111
Mining	0.0276	0.0259
Agriculture	0.0030	0.0028
Public Service Infrastructure	0.0030	0.0028
State	0.0189	0.0176

All residential property owners are exempt from paying rates on the first R15,000.00 value of property. All pensioners, the disabled and medically boarded owners are eligible for the rebates.

Rates are levied on an annual basis with the final date for payment being 01 August 2016 (31 May 2017).

21. Service charges

Sale of electricity	13,399,041	13,185,553
Refuse removal	7,750,472	6,339,108
	21,149,513	**19,524,661**

22. Rental of facilities and equipment

Premises		
Hall hire	84,120	130,737
Staff housing	144,059	137,311
Stalls rental	12,575	17,975
	240,754	**286,023**

23. Interest received - external investments

Bank and Call Deposits	2,960,636	3,627,069

Notes to the Annual Financial Statements

Figures in Rand	2017	2016

24. Fines

Library fines	12,270	2,163
Lost Books	175	133
Traffic fines	337,100	30,018
	349,545	**32,314**

25. Licences and permits

Drivers licenses	1,131,170	1,027,120
Business licenses	37,264	47,370
Learners licenses	6,850	48,010
	1,175,284	**1,122,500**

26. Government grants and subsidies

Operating grants		
Equitable share	122,874,000	119,361,000
Finance Management Grant	1,825,000	1,800,000
Municipal Systems Improvement Grant	-	940,000
Massification grant	5,436,779	1,580,765
INEP	10,258,977	5,242,846
Library Grant	1,962,319	1,530,120
Sport Facilities Grant	42,747	275,386
Economic Development Grant	321,917	-
EPWP Grant	1,944,478	1,755,000
	144,666,217	**132,485,117**
Capital grants		
MIG	22,621,909	29,963,269
NDPG	7,516,291	9,623,020
	30,138,200	**39,586,289**
	174,804,417	**172,071,406**

EPWP Grant

Current-year receipts	2,055,000	1,755,000
Conditions met - transferred to revenue	(1,944,478)	(1,755,000)
	110,522	**-**

Conditions still to be met - remain liabilities (see note 15).

To purchase goods and equipment.

Sports and Recreation Grant

Balance unspent at beginning of year	102,958	228,344
Current-year receipts	-	150,000
Conditions met - transferred to revenue	(42,747)	(275,386)
	60,211	**102,958**

Conditions still to be met - remain liabilities (see note 15).

To pay salaries and facility refurbishment.

Figures in Rand	2017	2016

26. Government grants and subsidies (continued)

Neighbourhhod Development Programme Grant

Current-year receipts	13,400,000	-
Conditions met - transferred to revenue	(8,568,572)	-
	4,831,428	**-**

Conditions still to be met - remain liabilities (see note 15).

To finalise inner town road resurfacing.

Finance Management Grant

Current-year receipts	1,825,000	1,800,000
Conditions met - transferred to revenue	(1,825,000)	(1,800,000)
	-	**-**

Conditions still to be met - remain liabilities (see note 15).

Economic Develoment Grant

Balance unspent at beginning of year	321,917	321,917
Conditions met - transferred to revenue	(321,917)	-
	-	**321,917**

Conditions still to be met - remain liabilities (see note 15).

Electricity Massification Grant

Balance unspent at beginning of year	6,197,928	-
Current-year receipts	-	8,000,000
Conditions met - transferred to revenue	(6,197,928)	(1,802,072)
	-	**6,197,928**

Conditions still to be met - remain liabilities (see note 15).

Library Grant

Balance unspent at beginning of year	403,976	9
Current-year receipts	2,469,788	1,964,000
Conditions met - transferred to revenue	(1,962,319)	(1,560,033)
	911,445	**403,976**

Conditions still to be met - remain liabilities (see note 15).

To build modular library.

Figures in Rand	2017	2016

26. Government grants and subsidies (continued)

INEP

Balance unspent at beginning of year	4,244,553	221,398
Current-year receipts	10,000,000	10,000,000
Conditions met - transferred to revenue	(11,695,233)	(5,976,845)
	2,549,320	**4,244,553**

Conditions still to be met - remain liabilities (see note 15).

To further expand outstanding infills in electricity.

27. Other income

Building plan fees	29,951	44,914
Sundry income	682,145	1,412,692
Donated assets income	31,043,747	10,214,296
Connection fees	14,746	-
Swimming pool entrance fees	-	13,470
Photocopier charges	51,290	40,684
Rates clearance certificates	23,221	16,311
Reconnection fees	73,375	18,787
VAT input / grants conditions met	6,427,990	5,061,473
Town planning fees	15,965	17,235
Traffic Escort Services/Public Safety	-	768
Pounding fees	511	6,316
	38,362,941	**16,846,946**

28. Employee related costs

Basic	47,037,614	42,596,614
Medical aid - company contributions	3,410,487	3,140,773
UIF	358,681	322,494
WCA	42,133	24,567
SDL	615,954	597,077
Leave pay contribution	1,097,636	3,688,005
Defined contribution plans	6,707,770	6,113,691
Overtime payments	1,313,854	843,693
Car allowance	2,901,920	2,527,996
Housing benefits and allowances	141,852	92,062
Cellphone allowances	302,670	246,547
Pension surcharges	95,438	106,283
	64,026,009	**60,299,802**

There were no advances to employees/Loans to employees are set out in note 6.

Remuneration of Municipal Manager

Annual Remuneration	932,890	1,011,372
Car Allowance	158,450	226,140
Contributions to UIF, Medical and Pension Funds	13,166	15,349
	1,104,506	**1,252,861**

Notes to the Annual Financial Statements

Figures in Rand	2017	2016

28. Employee related costs (continued)

Remuneration of Chief Finance Officer

Annual Remuneration	876,265	772,968
Car Allowance	219,275	262,260
Contributions to UIF, Medical and Pension Funds	12,689	12,336
	1,108,229	**1,047,564**

Remuneration of Director (Corporate services)

Annual Remuneration	867,540	717,228
Car Allowance	228,000	318,000
Contributions to UIF, Medical and Pension Funds	12,992	11,855
	1,108,532	**1,047,083**

Remuneration of Director (Community Services)

Annual Remuneration	951,540	861,228
Car Allowance	144,000	174,000
Contributions to UIF, Medical and Pension Funds	12,683	12,187
	1,108,223	**1,047,415**

Remuneration of Director (Technical services)

Annual Remuneration	969,540	879,228
Car Allowance	126,000	156,000
Contributions to UIF, Medical and Pension Funds	13,330	12,863
	1,108,870	**1,048,091**

Remuneration of Director (Planning, LED and Human Settlement)

Annual Remuneration	905,448	815,136
Car Allowance	190,092	220,092
Contributions to UIF, Medical and Pension Funds	14,179	12,261
	1,109,719	**1,047,489**
	70,674,088	**66,790,305**

29. Remuneration of councillors

Mayor	561,276	561,276
Deputy Mayor	556,139	560,532
Mayoral Committee Members	1,225,068	921,448
Speaker	461,520	461,520
Councillors	5,679,355	5,289,855
Councillors allowances	2,507,132	2,364,301
	10,990,490	**10,158,932**

29. Remuneration of councillors (continued)

In-kind benefits

The Mayor

The Mayor has access to the office and secretarial support at the cost of Council and is provided with the following:

2 Bodyguards

2 Driver

2 Municipal leased vehicles

Tools of trade as Gazette 39548: Determination of upper limit on Office bearers

The Speaker

The Speaker has access to the office and secretarial support at the cost of Council and is provided with the following:

1 Driver

1 Municipal leased vehicles

Tools of trade as Gazette 39548: Determination of upper limit on Office bearers

The Deputy Mayor.

The Deputy Mayor has access to the office at the cost of Council and is provided with the following:

1 Driver

1 Municipal leased vehicles

Tools of trade as Gazette 39548: Determination of Upper Limit of Office Beares

30. Depreciation and amortisation

	2017	2016
Property, plant and equipment	23,868,261	22,827,865
Intangible assets	409,847	148,483
	24,278,108	**22,976,348**

31. Impairment of assets

Impairments		
Property, plant and equipment The Kingfisher road was being rehabilitated to lay the black top layer ,also the demolition of the council chamber in the main office building to give way to the new building and office equipment that is impaired. The recoverable amount of the asset was based on its fair value less costs to sell	160,370	5,522,112

The main classes of assets affected by impairment losses are:

Admin Office Building 2 Kingfisher

Roads and Stormwater

Office equipment

The main classes of assets affected by reversals of impairment losses are:

The main events and circumstances that led to the recognition of these impairment losses are as follows:

Demolition for new block

Rehabilitation of roads

Impaired

The main events and circumstances that led to the reversals of these impairment losses are as follows:

32. Lease rentals on operating lease

Motor vehicles	2,008,087	1,360,421
Equipment	904,278	491,722
	2,912,365	**1,852,143**

33. Debt impairment

Debt impairment	-	217,608
Contributions to debt impairment provision	36,851,818	3,808,681
	36,851,818	**4,026,289**

34. Collection costs

Collection costs	329,294	134,278

Figures in Rand	2017	2016

35. Repairs and maintenance

Building - Civil	121,043	1,013,945
Buildings - Electrical	64,679	87,640
Air conditioning	50,350	32,620
Fire protection	174,000	277,866
Office equipment	348,759	1,091,279
Parks and gardens	3,745,812	3,744,913
Disaster management	-	31,299
Plant and equipment	1,700,910	1,631,495
Traffic lights	-	175,296
Road signs and markings	-	52,680
Roads and sidewalks	1,474,713	1,419,546
Street name plates	-	98,760
Vehicles	398,776	266,152
Pool chemicals	50,201	73,184
Electricity reticulation	1,987,714	2,077,474
Zibambele programme	1,765,617	1,943,160
	11,882,574	**14,017,309**

36. Bulk purchases

Electricity	9,631,879	8,972,268

37. Contracted services

Information Technology Services	339,263	705,103
Disaster Management	3,583,603	4,088,179
Waste removal	3,222,997	7,227,082
Security Services	8,216,676	7,403,485
Other Contractors	2,878,494	4,508,845
	18,241,033	**23,932,694**

Prosecure Security is responsible of the security of the municipal property.

38. Grants and subsidies paid

Other subsidies		
Finance Management Grant	1,298,684	1,609,533
Municipal Systems Improvement Grant	-	940,000
INEP Grant	10,258,977	5,242,846
MIG Capital Expenditure	1,688,478	1,279,891
Library Grant	1,651,127	1,316,456
Massification Grant	5,436,779	1,580,765
Sport and Recreation Grant	42,747	159,146
Economic Development Grant	122,967	-
	20,499,759	**12,128,637**

Figures in Rand	2017	2016

39. General expenses

Advertising	506,107	675,849
Aids awereness	1,045,066	1,111,194
Audit committee	92,565	69,876
Auditors remuneration	1,674,163	1,612,188
Bank charges	273,620	292,160
Electricity - internal	1,345,876	1,142,612
Environmental management framework	794,620	3,883,333
Fire arm shooting	-	26,904
Fuel and oil	3,445,700	3,022,507
Hire Charges	575,507	777,964
Insurance	423,991	416,440
Internal audit	169,465	850,156
LED programs	2,758,559	4,741,080
Consulting and professional fees	5,924,041	6,121,515
Licences	1,007,737	745,207
Literature acts and books	222	2,018
Cleaning	410,051	411,071
Staff welfare	42,867	113,288
Other expenses	69,745	169,562
Pauper / Indigent burial	95,500	73,500
Postage and courier	278,179	321,513
Printing and stationery	390,416	558,357
Property valuations	1,415,513	194,447
Protection services	167	-
Public functions	-	101,300
Public participation	5,357,138	3,522,206
Publications	344,037	214,338
Refuse	157,222	9,970
Shared services	865,425	542,056
Small tools	32,433	4,899
Special programmes	1,133,927	1,253,967
Sports and recreation	17,932	835,566
Subscriptions and membership fees	960	-
Subsistance and travelling	3,600,839	2,491,798
Sundry expenses	1,243,115	1,078,503
Telephone and fax	2,560,291	2,233,003
Training	516,263	893,164
Uniforms	210,686	205,356
Ward committees	1,016,800	2,008,800
Water	624,086	354,465
Workmens compensation	372,024	341,613
Youth programs	407,463	332,381
	41,200,318	**43,756,126**

Notes to the Annual Financial Statements

Figures in Rand	2017	2016

40. Cash generated from operations

Surplus	32,522,469	32,896,668
Adjustments for:		
Depreciation and amortisation	24,278,108	22,976,348
Impairment deficit	160,370	5,522,112
Debt impairment	36,851,818	4,026,289
Movements in retirement benefit assets and liabilities	(709,606)	3,440,590
Movements in provisions	713,793	2,553,112
Changes in working capital:		
Inventories	85,535	216,126
Consumer debtors	(33,857,081)	(9,130,359)
Other receivables from non-exchange transactions	7,471,025	(7,377,648)
Payables	10,295,193	(3,925,563)
VAT	(9,325,537)	2,553,565
Unspent conditional grants and receipts	(2,808,406)	3,953,466
Consumer deposits	(720,863)	(64,922)
	64,956,818	**57,639,784**

41. Prior period errors

Reclassification of provision for leave resulting in the line item being shown separately on the face of the balance sheet as per GRAP 1.76 in 2014.

Reclassification of licences and permits previously recorded as fines and other income in 2015 Lease rental on operating lease has been reclassified from general expenses as reflected on note #.

The correction of the error(s) results in adjustments as follows:

Statement of financial position		
Payables	-	181,520
Other payables	-	(181,520)
Other Payables	-	(123,963)
Sundry debtors	-	123,963
Statement of Financial Performance		
Licences and permits	-	2,861,621
Fines	-	(2,841,238)
Other income	-	(20,383)
Lease rentals on operating lease	-	2,346,675
General expenses	-	(2,346,675)

42. Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure		
Opening balance	183,045	31,137
Fruitless and wasteful expenditure current year	427,500	183,045
Condoned or written off by Council	-	(31,137)
To be recovered - contingent asset	-	-
Fruitless and wasteful expenditure awaiting condonement	**610,545**	**183,045**

SARS interest and penalties due to disputed VAT vendors claimed without VAT compliant documents

Notes to the Annual Financial Statements

Figures in Rand	2017	2016

43. Irregular expenditure

Reconciliation of irregular expenditure

	2017	2016
Opening balance	38,000	217,681
Irregular Expenditure - current year	4,085,342	38,000
Condoned or written off by Council	-	(217,681)
Irregular expenditure awaiting condonement	**4,123,342**	**38,000**

Details of irregular expenditure

Incident	**Disciplinary steps taken/criminal proceedings**		
Payments made without reasons for not having three quotations	Not applicable	4,085,342	-
Procurement with employees in the service of the state	Ongoing disciplinary	-	38,000
		4,085,342	**38,000**

Unauthorized Expenditure

	2017	2016
Debt impairment	33,222,361	808,195
Depreciation and assets impairment	3,438,478	9,498,460
Employee related costs	1,955,742	9,176,524
General expenses	-	12,105,581
Transfers and grants	10,499,759	-
	49,116,340	**31,588,760**

Identified unauthorised expenditure was due to the accrual basis of budgeting against the cash basis of reporting. The depreciation is the backlog depreciation on revaluated assets where as the implementation of the job evaluation resulted in the increase on employee related costs. Adjustement budget was adopted to address other genenral overspending.

44. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

	2017	2016
Opening balance	-	-
Current year subscription / fee	616,509	559,018
Amount paid - current year	(616,509)	(559,018)
Amount paid - previous years	-	-
Balance unpaid (included in payables)	**-**	**-**

Audit fees

	2017	2016
Opening balance	-	-
Current year subscription / fee	1,674,163	1,612,188
Amount paid - current year	(1,674,163)	(1,612,188)
Amount paid - previous years	-	-
Balance unpaid (included in payables)	**-**	**-**

VAT

	2017	2016
VAT receivable	11,116,669	1,791,132

Figures in Rand	2017	2016

44. Additional disclosure in terms of Municipal Finance Management Act (continued)

PAYE and UIF

Opening balance	-	-
Current year subscription / fee	10,593,279	10,053,435
Amount paid - current year	(10,593,279)	(10,053,435)
Amount paid - previous years	-	-
Balance unpaid (included in payables)	**-**	**-**

The balance represents PAYE and UIF deducted from the June 2016 payroll. These amounts were paid during July 2017

Pension and Medical Aid Deductions

Opening balance	-	-
Current year subscription / fee	15,925,646	14,249,477
Amount paid - current year	(15,925,646)	(14,249,477)
Amount paid - previous years	-	-
Balance unpaid (included in payables)	**-**	**-**

The balance represents pension and medical aid contributions deducted from employees payroll as well as Council's contributions to pension and medical aid funds. These amounts were paid during July 2016

Material losses through Electricity distribution

Current year subscription / fee	2,957,384	3,575

No disciplinary actions will be taken as the losses are not due to negligence. Council has finalised the installation of smart meters that will help to the prosess of addressing this technical loss via a meter audit programme and monthly reconciliation.

The amount of losses are equivalent to 2847356 Kwh @ R1.12 (63954 KwH : 2016) loss of energy.

45. Commitments

Commitments in respect of capital expenditure

Approved and contracted for		
• Property, plant and equipment	52,172,222	56,497,220
Total capital commitments		
Already contracted for but not provided for	52,172,222	68,898,573

This committed expenditure relates to property and will be financed by available bank facilities, retained surpluses, rights issue of shares, issue of debentures, mortgage facilities, existing cash resources, funds internally generated, etc.

Figures in Rand	2017	2016

45. Commitments (continued)

Operating leases - as lessee (expense)

At the reporting date the entity has outstanding commitments under operating leases which fall due as follows:

	2017	2016
Minimum lease payments due		
- within one year	1,853,289	2,569,411
- in second to fifth year inclusive	4,201,954	5,138,822
- later than five years	-	-
	6,055,243	**7,708,233**

Operating leases consist of the following:

Operating lease payments represent rentals payable by the municipality for certain of its office properties. Leases are negotiated for an average term of seven years and rentals are fixed for an average of three years. No contingent rent is payable.

46. Retirement benefit information

Defined Benefit Plan

The following are defined benefit plans: Natal Joints Superannuation, Retirement and Provident Funds (NJMP). These are not treated as defined benefit plans as defined by GRAP 25, but are accounted for as defined contribution plans. This is in line with the exemption in GRAP 25 par. 31 which states that where information required for proper defined benefit plan accounting is not available in respect of multi-employer and state plans, these should be accounted for as defined contribution plans. The municipality has been unsuccessful in obtaining the necessary information to support proper defined benefit plan accounting due to restrictions imposed by multi-employer plan. It is therefore deemed impractical to obtain this information at a suitable level of detail. Current contributions by council are charged against expenditure on the basis of current service costs. Full actuarial valuations are performed at least every 5 years. The last valuation was done on 31 March 2006.

An interim valuation carried on the NJMP Superannuation (Defined Benefit) at 31 March 2006 concluded that the surcharge of 6% be retained for the year 30 June 2007 and thereafter at 4.5%.

The latest statutory valuation of the NJMP Retirement (Defined Benefit) as at 31 March 2007 reflects a fund deficit of R229,8 million in respect of the members. The total contribution rate payable, including the total surcharge of 14%, will eliminate the deficit by the year 2010.

The latest statutory valuation of the NJMP Provident Fund (Defined Contribution) as at 03 March 2007 revealed that the fund was in a sound financial position.

An amount of R9 783 633 was contributed by council in respect of councillors' and employees' retirement funding. These contributions have been expensed and are included in employee related costs for the year.

47. Contingencies

Contingent liabilities

The municipality is defending the below mentioned cases for which the outcome cannot be confirmed as well as the final costs of liability represented by legal councils.

- Case against B L Mthethwa for the amount of R77 000.00 defended by Mathew Francis Inc. Back pay claim

Case against Nosipho Hadebe still pending the finalisation of the disciplinary processes
Case against Nosipho Zungu pending the finalisation of the disciplinary prcesses

48. Related parties

No related party transactions and/or balances.

49. Events after the reporting date

There are no events that were reported at the reporting date.

50. Key sources of estimation uncertainty and judgements

The following areas involve a significant degree of estimation uncertainty:
- Useful lives and residual values of property, plant and equipment
- Provision for doubtful debts
- Impairment of assets

51. Risk management

Financial risk management

The municipality's activities expose it to a variety of financial risks: market risk (including fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

Liquidity risk

The municipality’s risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the municipality’s financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

At 30 June 2017	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	17,912,426	-	-	-
Consumer deposits	863,813	-	-	-

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate owing to changes in market interest rates. The municipality’s level of borrowing and consequently the debt servicing costs are closely monitored and controlled by the EXCO having regard to the prevailing and projected interest rates and the municipality’s capacity to service such debt from future earnings and allocations however the long term loan's interest rate is fixed throughout the term of repayment. Balances exposed to the interest rate risk. The municipality's policy is to further manage interest rate risks so that fluctuations in interest rates do not have a material impact on the net surplus/ deficit.

Investments	12,520,600	27,455,775
Cash and cash equivalents	2,683,676	293,111
	15,204,276	**27,748,886**

51. Risk management (continued)

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

Financial assets exposed to credit risk at year end were as follows:

The municipality is exposed to a number of guarantees for the overdraft facilities of economic entities and for guarantees issued in favour of the creditors of A (Pty) Ltd. Refer to note for additional details.

Trade and other receivables from exchange transactions	8,273,507	-
Other receivables	1,099,841	-
	9,373,348	**-**

52. Budget differences

Material differences between budget and actual amounts

The material difference between approved budget and actual result are the consequence of activities during the financial period. For details on the comparatives please refer to the annual report.

Differences between budget and actual amounts are basis of preparation and presentation

The budget and the accounting bases differ. The annual financial statements for the whole-of-government are prepared on the accrual basis using a classification based on the nature of expenses in the statement of financial performance. The annual financial statements differ from the budget, which is approved on the cash basis and which deals only with the general government sector that excludes government business enterprises and certain other non-market government entities and activities.

The amounts in the annual financial statements were recast from the accrual basis to the cash basis and reclassified by functional classification to be on the same basis as the final approved budget. In addition, adjustments to amounts in the annual financial statements for timing differences associated with the continuing appropriation and differences in the entities covered (government business enterprises) were made to express the actual amounts on a comparable basis to the final approved budget. The amounts of these adjustments are identified in the following table.

Details	Budget	Actual	Varience	%	Comments
Property rates	28,936,593	40,421,784	11,485,191	140	The varience will include the penalties charges on non payment by debtors
Services charges	25,105,877	21,149,513	(3,956,364)	84	This is due to under billing on bulk supply of electricity on Umngeni water as the project could not start early
Investments revenue	3,570,000	2,959,343	(610,657)	83	This is due to low levels of cash and cash equivalents balances
Transfers recognised	139,308,000	144,666,217	5,358,217	104	Due to roll-overs on massification and INEP grants that has ment grant conditions
Other income	10,769,893	40,128,524	29,358,631	-	Due to donated assets for housing project by Department of Housing and settlement and electricity network by Umngeni water
Employee related costs	(68,718,346)	(70,674,088)	(1,955,743)	103	
Remuneration of councillors	(11,887,785)	(10,990,490)	897,295	92	Due to non increase on full time office bearers
Debt impairment	(3,629,457)	(36,851,819)	(33,222,361)	1,015	Based on the increase on the domant customers as per the provission assumptions
Depreciation	(21,000,000)	(24,438,478)	(3,438,478)	116	Due to assets acquired increase
Materials and Bulk purchases	(14,096,083)	(9,631,879)	4,464,204	68	Due to low power supply to Umngeni water works as per the delay on project commissioning
Transfers and grants	(10,000,000)	(20,499,759)	(10,499,759)	205	Due to grants on Massisfication and INEP and rollover
General expenditure	(77,908,692)	(74,567,175)	3,341,517	96	
Capital : internal	(11,925,000)	(18,868,133)	(6,943,133)	-	Due to municipal buildings, housing internal funding
Capital : Grants	(25,757,000)	(34,325,572)	(8,568,572)	-	Due to allocation of NDPG outside adjustment budget
Capital : borrowings	-	(4,050,000)	(4,050,000)	-	Initially budgeted under operation lease
Capital donations	-	(31,043,747)	(31,043,747)	-	Assets transfer
	(37,232,000)	**(86,615,759)**	**(49,383,759)**	**2,106**	

Changes from the approved budget to the final budget

The changes between the approved and final budget are a consequence of changes in the overall budget parameters. For details on these changes please refer to pages to in the annual report

53. Comparative figures

Certain comparative figures have been reclassified.

[Insert reasons for reclassification.]

The effects of the reclassification are as follows:

Notes to the Annual Financial Statements

53. Prior-year adjustments (continued)

Statement of financial position - extract

Statement of financial performance - extract

54. Disposal of: a significant asset(s) /or a group of assets and liabilities /or a component of the entity

Management has taken a decision to dispose of a significant asset /or a group of assets and liabilities /or a component of the entity.

55. Acquisitions with a view to its subsequent disposal

56. Financial instruments disclosure

57. Decommissioning, restoration and environmental rehabilitation funds

The municipality is a contributor to the following fund(s): Fund 1 and Fund 2.

Mandeni Municipality
Appendix A

Schedule of external loans as at 30 June 2017

	Loan Number	Redeemable	Balance at 30 June 2016 Rand	Received during the period Rand	Redeemed written off during the period Rand	Balance at 30 June 2017 Rand	Carrying Value of Property, Plant & Equip Rand	Other Costs in accordance with the MFMA Rand
Loan Stock			-	-	-	-	-	-
Structured loans			-	-	-	-	-	-
Funding facility			-	-	-	-	-	-
Development Bank of South Africa			-	-	-	-	-	-
Bonds			-	-	-	-	-	-
Other loans			-	-	-	-	-	-
Lease liability								
			1,030,000	4,050,500	522,025	4,558,475	4,558,475	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			1,030,000	**4,050,500**	**522,025**	**4,558,475**	**4,558,475**	**-**
Annuity loans			-	-	-	-	-	-
Government loans			-	-	-	-	-	-
Total external loans								
Loan Stock			-	-	-	-	-	-
Structured loans			-	-	-	-	-	-
Funding facility			-	-	-	-	-	-
Development Bank of South Africa			-	-	-	-	-	-
Bonds			-	-	-	-	-	-
Other loans			-	-	-	-	-	-
Lease liability			1,030,000	4,050,500	522,025	4,558,475	4,558,475	-
Annuity loans			-	-	-	-	-	-

Mandeni Municipality
Appendix A

Schedule of external loans as at 30 June 2017

	Loan Number	Redeemable	Balance at 30 June 2016 Rand	Received during the period Rand	Redeemed written off during the period Rand	Balance at 30 June 2017 Rand	Carrying Value of Property, Plant & Equip Rand	Other Costs in accordance with the MFMA Rand
Government loans			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			1,030,000	**4,050,500**	**522,025**	**4,558,475**	**4,558,475**	**-**

Mandeni Municipality
Mandeni Municipality
Appendix B

Unaudited Analysis of property, plant and equipment as at 30 June 2017

	Cost/Revaluation							Accumulated depreciation						
	Opening Balance Rand	Additions Rand	Disposals Rand	WIP Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	WIP Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Land and buildings														
Land (Separate for AFS purposes)	1,215,000	-	-	-	-	-	**1,215,000**	-	-	-	-	-	**-**	1,215,000
Landfill Sites (Separate for AFS pursoses)	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-
Quarries (Separate for AFS purposes)	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-
Buildings (Separate for AFS purposes)	19,158,460	198,950	-	5,960,110	-	-	**25,317,520**	(1,616,140)	-	-	(413,730)	-	**(2,029,870)**	23,287,650
	20,373,460	**198,950**	**-**	**5,960,110**	**-**	**-**	**26,532,520**	**(1,616,140)**	**-**	**-**	**(413,730)**	**-**	**(2,029,870)**	**24,502,650**
Infrastructure														
Pavements & Bridges	6,983,004	-	-	-	-	-	**6,983,004**	(1,720,548)	-	-	(290,908)	-	**(2,011,456)**	4,971,548
Storm water	29,542,870	19,214,235	-	-	-	-	**48,757,105**	(5,933,125)	-	-	(2,129,991)	-	**(8,063,116)**	40,693,989
Generation	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-
Transmission & Reticulation	6,058,924	16,679,848	-	(2,031,524)	-	-	**20,707,248**	(522,139)	-	-	(333,757)	-	**(855,896)**	19,851,352
Street lighting	3,217,067	852,937	-	315,794	-	-	**4,385,798**	(1,016,799)	-	-	(276,494)	-	**(1,293,293)**	3,092,505
Dams & Reservoirs	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-
Terminals	704,238	-	-	-	-	-	**704,238**	(219,631)	-	-	(40,591)	-	**(260,222)**	444,016
Roads	301,019,447	55,281,924	-	(28,963,219)	-	-	**327,338,152**	(83,217,078)	-	-	(14,889,307)	-	**(98,106,385)**	229,231,767
Reticulation	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-
Secirity Measures	1,659,321	-	-	-	-	-	**1,659,321**	(239,500)	-	-	(199,382)	-	**(438,882)**	1,220,439
Transportation (Airports, Car Parks, Bus Terminals and Taxi Ranks)	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-
Housing	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-
Waste Management	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-
Gas	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-
Other (fibre optic, WIFI infrastructur)	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-
Other 1	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-
	349,184,871	**92,028,944**	**-**	**(30,678,949)**	**-**	**-**	**410,534,866**	**(92,868,820)**	**-**	**-**	**(18,160,430)**	**-**	**(111,029,250)**	**299,505,616**
Community Assets														
Parks & gardens	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-
Sportsfields and stadium	19,657,445	-	-	2,912,747	-	-	**22,570,192**	(3,588,996)	-	-	(1,095,566)	-	**(4,684,562)**	17,885,630
Swimming pools	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-
Community halls	26,476,236	-	-	3,558,304	-	-	**30,034,540**	(3,280,910)	-	-	(849,995)	-	**(4,130,905)**	25,903,635
Libraries	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-
Recreational facilities	7,539,617	-	-	-	-	-	**7,539,617**	(815,243)	-	-	(224,639)	-	**(1,039,882)**	6,499,735
Clinics	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-
Museums & art galleries	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-
Other	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-
Social rental housing	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-
Cemeteries	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-
Fire, safety & emergency	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-
Security and policing	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-
Buses	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-
	53,673,298	**-**	**-**	**6,471,051**	**-**	**-**	**60,144,349**	**(7,685,149)**	**-**	**-**	**(2,170,200)**	**-**	**(9,855,349)**	**50,289,000**

Mandeni Municipality

Mandeni Municipality

Appendix B

Unaudited Analysis of property, plant and equipment as at 30 June 2017

	Cost/Revaluation							Accumulated depreciation						
	Opening Balance Rand	Additions Rand	Disposals Rand	WIP Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	WIP Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Heritage assets														
Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Specialised vehicles														
Refuse	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Conservancy	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ambulances	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Buses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Other assets														
General vehicles	10,400,616	3,958,442	-	-	-	-	**14,359,058**	(3,612,453)	-	-	(1,165,739)	-	**(4,778,192)**	9,580,866
Plant & equipment	7,072,070	87,000	(2,799)	-	-	-	**7,156,271**	(2,324,623)	1,794	-	(437,317)	-	**(2,760,146)**	4,396,125
Computer Equipment	4,515,890	1,350,535	(260,298)	-	-	-	**5,606,127**	(1,347,458)	107,157	-	(969,003)	-	**(2,209,304)**	3,396,823
Computer Software (part of computer equipment)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Furniture & Fittings	2,124,509	81,484	(2,496)	-	-	-	**2,203,497**	(603,518)	604	-	(162,762)	-	**(765,676)**	1,437,821
Office Equipment	1,327,419	118,051	(10,810)	-	-	-	**1,434,660**	(572,625)	6,477	-	(164,262)	-	**(730,410)**	704,250
Office Equipment - Leased	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Abattoirs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Emergency Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Tools and Equipments	790,519	14,252	-	-	-	-	**804,771**	(469,551)	-	-	(78,889)	-	**(548,440)**	256,331
Security measures	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Traffic Equipment	316,678	-	-	-	-	-	**316,678**	(90,928)	-	-	(47,826)	-	**(138,754)**	177,924
Other buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other land	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bins and Containers	1,247,911	25,500	-	-	-	-	**1,273,411**	(229,067)	-	-	(98,103)	-	**(327,170)**	946,241
Work in progress	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Clinic Epuipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets - Leased	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing development	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	10,917	-	-	-	-	-	**10,917**	(8,734)	-	-	-	-	**(8,734)**	2,183
	27,806,529	**5,635,264**	**(276,403)**	**-**	**-**	**-**	**33,165,390**	**(9,258,957)**	**116,032**	**-**	**(3,123,901)**	**-**	**(12,266,826)**	**20,898,564**

Mandeni Municipality
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Appendix B

Unaudited Analysis of property, plant and equipment as at 30 June 2017

	Cost/Revaluation							Accumulated depreciation						
	Opening Balance Rand	Additions Rand	Disposals Rand	WIP Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	WIP Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Total property plant and equipment														
Land and buildings	20,373,460	198,950	-	5,960,110	-	-	**26,532,520**	(1,616,140)	-	-	(413,730)	-	**(2,029,870)**	24,502,650
Infrastructure	349,184,871	92,028,944	-	(30,678,949)	-	-	**410,534,866**	(92,868,820)	-	-	(18,160,430)	-	**(111,029,250)**	299,505,616
Community Assets	53,673,298	-	-	6,471,051	-	-	**60,144,349**	(7,685,149)	-	-	(2,170,200)	-	**(9,855,349)**	50,289,000
Heritage assets	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-
Specialised vehicles	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-
Other assets	27,806,529	5,635,264	(276,403)	-	-	-	**33,165,390**	(9,258,957)	116,032	-	(3,123,901)	-	**(12,266,826)**	20,898,564
	451,038,158	**97,863,158**	**(276,403)**	**(18,247,788)**	**-**	**-**	**530,377,125**	**(111,429,066)**	**116,032**	**-**	**(23,868,261)**	**-**	**(135,181,295)**	**395,195,830**
Agricultural/Biological assets														
Agricultural	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-
Biological assets	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-
	-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Intangible assets														
Computers - software & programming	549,363	1,642,589	-	-	-	-	**2,191,952**	(175,392)	-	-	(409,847)	-	**(585,239)**	1,606,713
Other	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-
	549,363	**1,642,589**	**-**	**-**	**-**	**-**	**2,191,952**	**(175,392)**	**-**	**-**	**(409,847)**	**-**	**(585,239)**	**1,606,713**
Investment properties														
Investment property	46,606,200	-	-	-	-	-	**46,606,200**	-	-	-	-	-	**-**	46,606,200
	46,606,200	**-**	**-**	**-**	**-**	**-**	**46,606,200**	**-**	**-**	**-**	**-**	**-**	**-**	**46,606,200**
Total														
Land and buildings	20,373,460	198,950	-	5,960,110	-	-	**26,532,520**	(1,616,140)	-	-	(413,730)	-	**(2,029,870)**	24,502,650
Infrastructure	349,184,871	92,028,944	-	(30,678,949)	-	-	**410,534,866**	(92,868,820)	-	-	(18,160,430)	-	**(111,029,250)**	299,505,616
Community Assets	53,673,298	-	-	6,471,051	-	-	**60,144,349**	(7,685,149)	-	-	(2,170,200)	-	**(9,855,349)**	50,289,000
Heritage assets	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-
Specialised vehicles	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-
Other assets	27,806,529	5,635,264	(276,403)	-	-	-	**33,165,390**	(9,258,957)	116,032	-	(3,123,901)	-	**(12,266,826)**	20,898,564
Agricultural/Biological assets	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-
Intangible assets	549,363	1,642,589	-	-	-	-	**2,191,952**	(175,392)	-	-	(409,847)	-	**(585,239)**	1,606,713
Investment properties	46,606,200	-	-	-	-	-	**46,606,200**	-	-	-	-	-	**-**	46,606,200
	498,193,721	**99,505,747**	**(276,403)**	**(18,247,788)**	**-**	**-**	**579,175,277**	**(111,604,458)**	**116,032**	**-**	**(24,278,108)**	**-**	**(135,766,534)**	**443,408,743**

Mandeni Municipality

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Appendix B

Analysis of property, plant and equipment as at 30 June 2016

	Cost/Revaluation							Accumulated depreciation						
	Opening Balance Rand	Additions Rand	Disposals Rand	WIP Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	WIP Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Land and buildings														
Land (Separate for AFS purposes)	904,000	311,000	-	-	-	-	**1,215,000**	-	-	-	-	-	-	1,215,000
Landfill Sites (Separate for AFS pursoses)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Quarries (Separate for AFS purposes)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Buildings (Separate for AFS purposes)	17,263,173	3,632,421	(4,090,000)	2,352,866	-	-	**19,158,460**	(1,759,469)	654,818	-	(511,489)	-	**(1,616,140)**	17,542,320
	18,167,173	**3,943,421**	**(4,090,000)**	**2,352,866**	**-**	**-**	**20,373,460**	**(1,759,469)**	**654,818**	**-**	**(511,489)**	**-**	**(1,616,140)**	**18,757,320**
Infrastructure														
Pavements & Bridges	6,983,004	-	-	-	-	-	**6,983,004**	(1,428,843)	-	-	(291,705)	-	**(1,720,548)**	5,262,456
Storm water	27,617,238	4,433,765	-	(2,508,132)	-	-	**29,542,871**	(4,467,117)	-	-	(1,466,008)	-	**(5,933,125)**	23,609,746
Generation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transmission & Reticulation	4,561,004	-	-	1,497,920	-	-	**6,058,924**	(363,690)	-	-	(158,449)	-	**(522,139)**	5,536,785
Street lighting	3,217,069	392,637	-	(392,637)	-	-	**3,217,069**	(761,280)	-	-	(255,519)	-	**(1,016,799)**	2,200,270
Dams & Reservoirs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Terminals	704,238	-	-	-	-	-	**704,238**	(178,929)	-	-	(40,702)	-	**(219,631)**	484,607
Roads	270,528,981	22,969,690	(7,154,738)	14,675,514	-	-	**301,019,447**	(72,550,913)	4,201,976	-	(14,868,141)	-	**(83,217,078)**	217,802,369
Reticulation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Security Measures	1,064,968	1,420,599	-	(826,245)	-	-	**1,659,322**	(55,244)	-	-	(184,256)	-	**(239,500)**	1,419,822
Transportation (Airports, Car Parks, Bus Terminals and Taxi Ranks)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste Management	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gas	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other (fibre optic, WIFI infrastructur)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other 1	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	314,676,502	**29,216,691**	**(7,154,738)**	**12,446,420**	**-**	**-**	**349,184,875**	**(79,806,016)**	**4,201,976**	**-**	**(17,264,780)**	**-**	**(92,868,820)**	**256,316,055**
Community Assets														
Parks & gardens	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sportsfields and stadium	19,038,467	5,556,157	(5,800)	(4,931,379)	-	-	**19,657,445**	(2,541,966)	2,785	-	(1,049,815)	-	**(3,588,996)**	16,068,449
Swimming pools	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community halls	21,767,306	4,102,800	-	606,130	-	-	**26,476,236**	(2,462,321)	-	-	(818,588)	-	**(3,280,909)**	23,195,327
Libraries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Recreational facilities	2,518,949	5,959,539	-	(938,872)	-	-	**7,539,616**	(593,064)	-	-	(222,180)	-	**(815,244)**	6,724,372
Clinics	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Museums & art galleries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Social rental housing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cemeteries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fire, safety & emergency	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Security and policing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Buses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	43,324,722	**15,618,496**	**(5,800)**	**(5,264,121)**	**-**	**-**	**53,673,297**	**(5,597,351)**	**2,785**	**-**	**(2,090,583)**	**-**	**(7,685,149)**	**45,988,148**

Mandeni Municipality

Appendix B

Analysis of property, plant and equipment as at 30 June 2016

	Cost/Revaluation							Accumulated depreciation						
	Opening Balance Rand	Additions Rand	Disposals Rand	WIP Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	WIP Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Heritage assets														
Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Specialised vehicles														
Refuse	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Conservancy	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ambulances	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Buses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Other assets														
General vehicles	10,400,616	-	(1)	-	-	-	**10,400,615**	(2,482,471)	-	-	(1,129,983)	-	**(3,612,454)**	6,788,161
Plant & equipment	6,802,776	364,115	(94,821)	-	-	-	**7,072,070**	(1,917,374)	42,261	-	(449,510)	-	**(2,324,623)**	4,747,447
Computer Equipment	4,354,033	1,576,328	(1,414,471)	-	-	-	**4,515,890**	(1,139,963)	602,513	-	(810,008)	-	**(1,347,458)**	3,168,432
Computer Software (part of computer equipment)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Furniture & Fittings	1,948,286	201,465	(25,242)	-	-	-	**2,124,509**	(456,646)	11,849	-	(158,721)	-	**(603,518)**	1,520,991
Office Equipment	1,207,964	211,210	(91,755)	-	-	-	**1,327,419**	(432,369)	30,564	-	(170,819)	-	**(572,624)**	754,795
Office Equipment - Leased	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Abattoirs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Emergency Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Tools and Equipment	793,049	10,454	(12,984)	-	-	-	**790,519**	(376,211)	10,387	-	(103,727)	-	**(469,551)**	320,968
Security measures	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Traffic Equipment	289,178	27,500	-	-	-	-	**316,678**	(45,005)	-	-	(45,924)	-	**(90,929)**	225,749
Other buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other land	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bins and Containers	798,760	480,000	(30,849)	-	-	-	**1,247,911**	(161,424)	24,679	-	(92,322)	-	**(229,067)**	1,018,844
Work in progress	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Clinic equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets - Leased	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing development	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	10,917	-	-	-	-	-	**10,917**	(8,734)	-	-	-	-	**(8,734)**	2,183
	26,605,579	**2,871,072**	**(1,670,123)**	**-**	**-**	**-**	**27,806,528**	**(7,020,197)**	**722,253**	**-**	**(2,961,014)**	**-**	**(9,258,958)**	**18,547,570**

Mandeni Municipality

Mandeni Municipality

Appendix B

Analysis of property, plant and equipment as at 30 June 2016

	Cost/Revaluation							Accumulated depreciation						
	Opening Balance Rand	Additions Rand	Disposals Rand	WIP Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	WIP Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Total property plant and equipment														
Land and buildings	18,167,173	3,943,421	(4,090,000)	2,352,866	-	-	**20,373,460**	(1,759,469)	654,818	-	(511,489)	-	**(1,616,140)**	18,757,320
Infrastructure	314,676,502	29,216,691	(7,154,738)	12,446,420	-	-	**349,184,875**	(79,806,016)	4,201,976	-	(17,264,780)	-	**(92,868,820)**	256,316,055
Community Assets	43,324,722	15,618,496	(5,800)	(5,264,121)	-	-	**53,673,297**	(5,597,351)	2,785	-	(2,090,583)	-	**(7,685,149)**	45,988,148
Heritage assets	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-
Specialised vehicles	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-
Other assets	26,605,579	2,871,072	(1,670,123)	-	-	-	**27,806,528**	(7,020,197)	722,253	-	(2,961,014)	-	**(9,258,958)**	18,547,570
	402,773,976	**51,649,680**	**(12,920,661)**	**9,535,165**	**-**	**-**	**451,038,160**	**(94,183,033)**	**5,581,832**	**-**	**(22,827,866)**	**-**	**(111,429,067)**	**339,609,093**
Agricultural/Biological assets														
Agricultural	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-
Biological assets	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-
	-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Intangible assets														
Computers - software & programming	395,309	245,579	(91,525)	-	-	-	**549,363**	(57,099)	30,190	-	(148,483)	-	**(175,392)**	373,971
Other	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-
	395,309	**245,579**	**(91,525)**	**-**	**-**	**-**	**549,363**	**(57,099)**	**30,190**	**-**	**(148,483)**	**-**	**(175,392)**	**373,971**
Investment properties														
Investment property	46,606,200	-	-	-	-	-	**46,606,200**	-	-	-	-	-	**-**	46,606,200
	46,606,200	**-**	**-**	**-**	**-**	**-**	**46,606,200**	**-**	**-**	**-**	**-**	**-**	**-**	**46,606,200**
Total														
Land and buildings	18,167,173	3,943,421	(4,090,000)	2,352,866	-	-	**20,373,460**	(1,759,469)	654,818	-	(511,489)	-	**(1,616,140)**	18,757,320
Infrastructure	314,676,502	29,216,691	(7,154,738)	12,446,420	-	-	**349,184,875**	(79,806,016)	4,201,976	-	(17,264,780)	-	**(92,868,820)**	256,316,055
Community Assets	43,324,722	15,618,496	(5,800)	(5,264,121)	-	-	**53,673,297**	(5,597,351)	2,785	-	(2,090,583)	-	**(7,685,149)**	45,988,148
Heritage assets	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-
Specialised vehicles	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-
Other assets	26,605,579	2,871,072	(1,670,123)	-	-	-	**27,806,528**	(7,020,197)	722,253	-	(2,961,014)	-	**(9,258,958)**	18,547,570
Agricultural/Biological assets	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-
Intangible assets	395,309	245,579	(91,525)	-	-	-	**549,363**	(57,099)	30,190	-	(148,483)	-	**(175,392)**	373,971
Investment properties	46,606,200	-	-	-	-	-	**46,606,200**	-	-	-	-	-	**-**	46,606,200
	449,775,485	**51,895,259**	**(13,012,186)**	**9,535,165**	**-**	**-**	**498,193,723**	**(94,240,132)**	**5,612,022**	**-**	**(22,976,349)**	**-**	**(111,604,459)**	**386,589,264**

Mandeni Municipality
Appendix C

Unaudited Segmental analysis of property, plant and equipment as at 30 June 2017

	Cost/Revaluation							Accumulated Depreciation						
	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Work in progress Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment deficit Rand	Closing Balance Rand	Carrying value Rand
Municipality														
Executive & Council/Mayor and Council	747,855	-	-	-	-	-	**747,855**	(194,988)	-	-	-	-	**(194,988)**	552,867
Finance & Admin/Finance	15,761,665	-	-	-	-	-	**15,761,665**	(2,116,861)	-	-	-	-	**(2,116,861)**	13,644,804
Planning and Development/Economic Development/Plan	33,623,276	-	-	-	-	-	**33,623,276**	(4,220,052)	-	-	-	-	**(4,220,052)**	29,403,224
Health/Clinics	800,000	-	-	-	-	-	**800,000**	(118,956)	-	-	-	-	**(118,956)**	681,044
Comm. & Social/Libraries and archives	67,951,709	-	-	-	-	-	**67,951,709**	(6,389,839)	-	-	-	-	**(6,389,839)**	61,561,870
Housing	17,488	-	-	-	-	-	**17,488**	(7,589)	-	-	-	-	**(7,589)**	9,899
Public Safety/Police	1,932,262	-	-	-	-	-	**1,932,262**	(456,578)	-	-	-	-	**(456,578)**	1,475,684
Sport and Recreation	18,780,840	-	-	-	-	-	**18,780,840**	(3,037,639)	-	-	-	-	**(3,037,639)**	15,743,201
Environmental Protection/Pollution Control	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste Water Management/Sewerage	4,707,210	-	-	-	-	-	**4,707,210**	(989,005)	-	-	-	-	**(989,005)**	3,718,205
Road Transport/Roads	347,299,051	-	-	-	-	-	**347,299,051**	(93,437,250)	-	-	-	-	**(93,437,250)**	253,861,801
Water/Water Distribution	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Electricity /Electricity Distribution	6,407,617	-	-	-	-	-	**6,407,617**	(629,829)	-	-	-	-	**(629,829)**	5,777,788
Other/Air Transport	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	498,028,973	**-**	**-**	**-**	**-**	**-**	**498,028,973**	**(111,598,586)**	**-**	**-**	**-**	**-**	**(111,598,586)**	**386,430,387**
Municipal Owned Entities														
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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Total														
Municipality	498,028,973	-	-	-	-	-	**498,028,973**	(111,598,586)	-	-	-	-	**(111,598,586)**	386,430,387
Municipal Owned Entities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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Mandeni Municipality
Appendix C

Unaudited Segmental analysis of property, plant and equipment as at 30 June 2017

Cost/Revaluation							Accumulated Depreciation						
Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Work in progress Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment deficit Rand	Closing Balance Rand	Carrying value Rand
-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-
498,028,973	**-**	**-**	**-**	**-**	**-**	**498,028,973**	**(111,598,586)**	**-**	**-**	**-**	**-**	**(111,598,586)**	**386,430,387**

Mandeni Municipality
Appendix D

Segmental Statement of Financial Performance for the year ended

Prior Year				Current Year		
Actual Income Rand	**Actual Expenditure Rand**	**Surplus /(Deficit) Rand**		**Actual Income Rand**	**Actual Expenditure Rand**	**Surplus /(Deficit) Rand**
			Municipality			
181,157,279	95,591,834	85,565,445	Executive & Council/Mayor and Council	208,057,953	115,935,867	92,122,086
125,628	17,140,765	(17,015,137)	Finance & Admin/Finance	145,132	18,364,888	(18,219,756)
39,850,059	34,753,674	5,096,385	Planning and Development/Economic Development/Plan	30,699,930	34,720,375	(4,020,445)
-	-	-	Health/Clinics	-	-	-
1,979,221	9,020,973	(7,041,752)	Comm. & Social/Libraries and archives	2,152,920	10,377,033	(8,224,113)
-	-	-	Housing	-	-	-
1,111,981	18,600,393	(17,488,412)	Public Safety/Police	1,475,631	19,309,905	(17,834,274)
13,470	901,294	(887,824)	Sport and Recreation	-	963,312	(963,312)
-	2,448,645	(2,448,645)	Environmental Protection/Pollution Control	-	3,823,221	(3,823,221)
6,339,107	7,474,188	(1,135,081)	Waste Water Management/Sewerage	7,750,473	3,449,964	4,300,509
-	10,101,102	(10,101,102)	Road Transport/Roads	-	8,208,670	(8,208,670)
-	-	-	Water/Water Distribution	-	-	-
20,027,952	21,675,165	(1,647,213)	Electricity /Electricity Distribution	29,182,917	31,789,256	(2,606,339)
-	-	-	Other/Air Transport	-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
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-	-	-		-	-	-
-	-	-		-	-	-
250,604,697	**217,708,033**	**32,896,664**		**279,464,956**	**246,942,491**	**32,522,465**
			Municipal Owned Entities			
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-	-	-		-	-	-
-	-	-		-	-	-
-	**-**	**-**		**-**	**-**	**-**
			Other charges			
-	-	-		-	-	-
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-	-	-		-	-	-
-	**-**	**-**		**-**	**-**	**-**
250,604,697	217,708,033	32,896,664	Municipality	279,464,956	246,942,491	32,522,465
-	-	-	Municipal Owned Entities	-	-	-
-	-	-	Other charges	-	-	-
-	-	-		-	-	-
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Mandeni Municipality
Appendix D

Segmental Statement of Financial Performance for the year ended

Prior Year				Current Year		
Actual Income Rand	Actual Expenditure Rand	Surplus /(Deficit) Rand	Rand	Actual Income Rand	Actual Expenditure Rand	Surplus /(Deficit) Rand
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
250,604,697	**217,708,033**	**32,896,664**	**Total**	**279,464,956**	**246,942,491**	**32,522,465**

Mandeni Municipality
Appendix F
Disclosures of Grants and Subsidies in terms of Section 123 MFMA, 56 of 2003

Name of Grants	Name of organ of state or municipal entity	Quarterly Receipts					Quarterly Expenditure					Grants and Subsidies delayed / withheld					Reason for delay/withholding of funds	Did your municipality comply with the grant conditions in terms of grant framework in the latest Division of Revenue Act	Reason for noncompliance
		Jun	Sep	Dec	Mar	Jun	Jun	Sep	Dec	Mar	Jun	Jun	Sep	Dec	Mar	Jun		Yes/ No	
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		No	
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
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		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			

Note: A municipality should provide additional information on how a grant was spent per Vote. This excludes allocations from the Equitable Share.